ANNUAL REPORTS 2015

For a dynamic and forward-looking profession focused on public protection

OACIQ FARCIQ

OACIQ

Mr. Richard Boivin
Assistant Deputy Minister,
Policies regarding Financial Institutions and
Corporate law
Department of Finance
Government of Québec

QUÉBEC

Dear Mr. Boivin,

We are pleased to submit the Annual Report of the ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC for the fiscal year ended December 31, 2015.

Yours very truly,

Serge Brousseau
Chartered Real Estate Broker
Chairman of the Board of Directors

Ministère
des Finances
Québec

Mr. Carlos J. Leitão
Minister of Finance
Government of Québec

QUÉBEC

Dear Mr. Leitão,

Allow us to present the Annual Report of the ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC for the fiscal year ended December 31, 2015.

Yours sincerely,

Richard Boivin
Assistant Deputy Minister,
Policies regarding Financial Institutions and
Corporate law

Ministère
des Finances
Québec

Mr. Jacques Chagnon
President of the National Assembly
Government of Québec

QUÉBEC

Mr. President,

I have the honour of submitting the Annual Report of the ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC for the fiscal year ended December 31, 2015.

Respectfully yours,

Mr. Carlos J. Leitão
Minister of Finance

TABLE OF CONTENTS

Mission 5

Board of Directors of the **OACIQ** 6

Message from the Chairman of the Board of Directors 9

Report from the General Management 12

Report from the Syndic 38

Report from the Syndic Decision Review Committee 40

Report from the Discipline Committee 42

Report from the Inspection Committee 46

Report from the Licence Issue and Maintenance Committee 49

Report from the Indemnity Committee 53

Report from the Treasurer 55

Independent Auditor's Report 59

Financial statements 61

Notes to the financial statements 66

Appendix 79

OUR MISSION

The **OACIQ** ensures public protection by overseeing the profession adequately and ensuring quality real estate and mortgage brokerage in Québec.

OUR VISION

As an essential reference in the real estate and mortgage brokerage field, the **OACIQ** helps promote brokers' professionalism and competence. The **OACIQ** is characterized by its organizational effectiveness, its interventions and its leadership in regards to brokerage development.

From left to right:

SEATED:
Richard Dion
Serge Brousseau
Roger Doré

STANDING:
Claudie Tremblay
Jacques Nantel
Georges E. Gaucher
Bernard Savard
Mario Chouinard
Claude Barsalou
Nathalie Ebnoether
Pierre Martel
Carole Strasbourg
Georges Bardagi
Pierre Carrier
Daniel Pelchat

Published by the ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC
4905 Lapinière Boulevard, Suite 2200,
Brossard (Québec) J4Z 0G2

© Organisme d'autoréglementation du courtage immobilier du Québec

All rights reserved.

This work may not be produced, all or in part, in any form or by any means, whether electronic, mechanical, photographic, audio, magnetic, or otherwise, without prior written permission of the publisher.

Graphic Design: OACIQ

Legal deposit
Bibliothèque et Archives nationales du Québec
Bibliothèque et Archives Canada
ISBN: 978-2-924369-03-6 (PDF)

MEMBERS OF THE BOARD OF DIRECTORS

YEAR 2015

Directors elected among licence holders (by their peers)

Serge Brousseau
(Chairman of the Board)
Montréal

Richard Dion
(Vice-Chairman of the Board)
Québec

Roger Doré
(Treasurer of the Board)
Commercial real estate brokerage

Georges Bardagi
Montréal

Mario Chouinard
Northeast region

Georges E. Gaucher
Montréal

Pierre Martel
Mortgage brokerage

Daniel Pelchat
Central region

Bernard Savard
Montréal

Carole Strasbourg
Western region

Directors appointed by the Minister of Finance

Pierre Carrier
Nathalie Ebnoether
Jacques Nantel

Secretary appointed by the Board of Directors

Claude Barsalou

Executive Vice-President

Claudie Tremblay

TRANSFORMING

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

*TRANS*FORMING THROUGH TRAINING IN 2015

Adapting the practice of real estate and mortgage brokerage to the changing needs of the market in order to continue to ensure public protection is an ongoing pursuit for the **OACIQ** and its Board of Directors. Two main achievements this year illustrate this: the implementation of the Mandatory Continuing Education Program and, of course, the Organization's participation in the five-year revision of the *Real Estate Brokerage Act*.

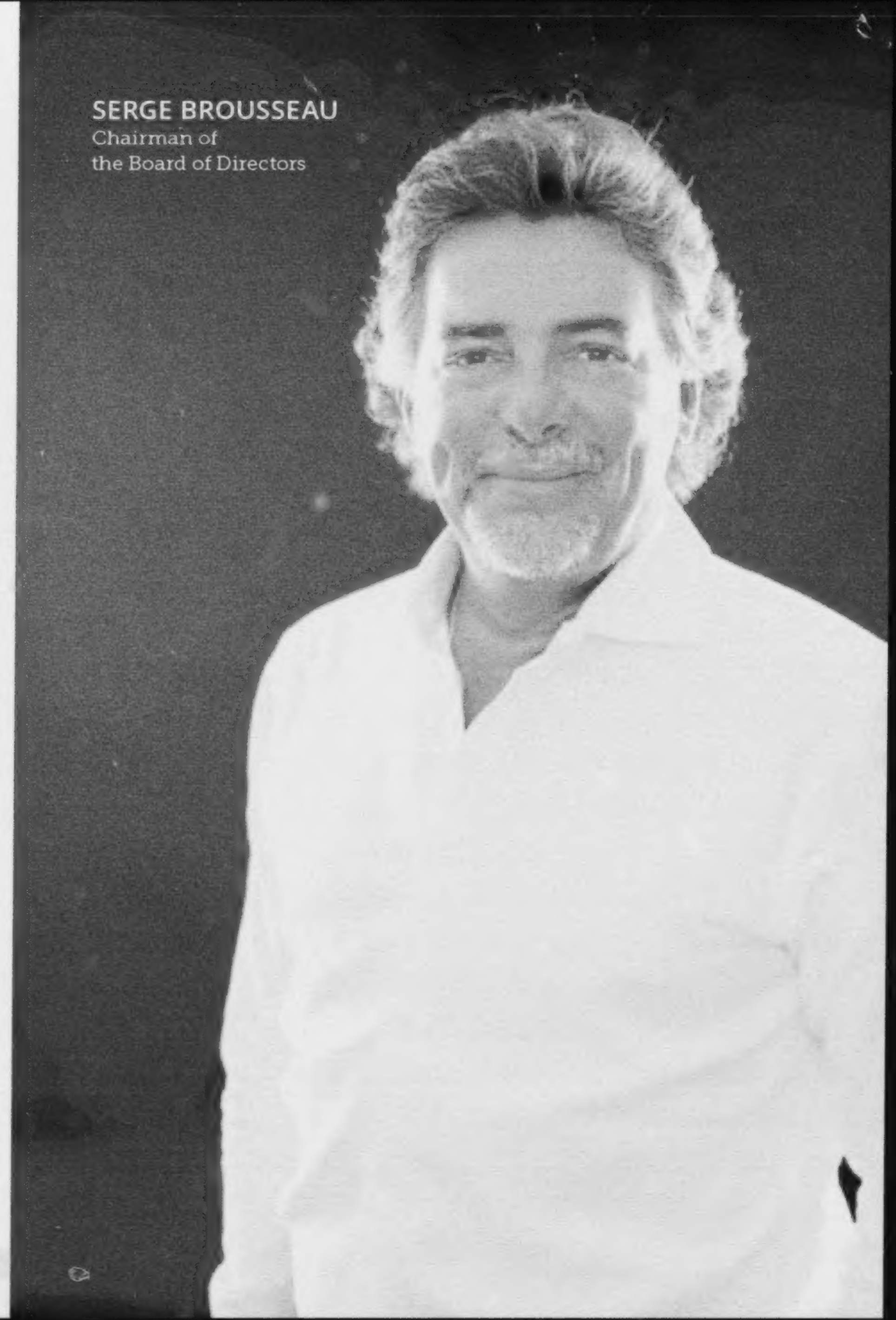
> **"**WELL-INFORMED CONSUMERS ARE BETTER EQUIPPED TO CARRY OUT THEIR TRANSACTIONS.**"**

Continuing education

It was the joint action of all real estate and mortgage stakeholders – whom I salute – that led to the implementation of the Mandatory Continuing Education Program on May 1, 2015.

The Board of Directors is very pleased with broker reaction to this program. By attending the training activities accredited by the **OACIQ** in 2015 in great numbers, real estate and mortgage brokers showed that they understand the importance of training, and are well on their way to developing a veritable continuing education culture.

What better way to show the added value that a broker can provide than to make sure he has the necessary knowledge to give sound advice to his client at every step of the transaction?



SERGE BROUSSEAU
Chairman of
the Board of Directors

Assessment and ongoing improvement

The other main issue in 2015 was the revision process – which remains ongoing – regarding the application of the *Real Estate Brokerage Act*.

Five years after its implementation in May 2010, and as called for under the Act, the Québec Department of Finance issued its assessment, which includes avenues for reflection for the future. Along with other real estate stakeholders, the **OACIQ** submitted a Brief to the Department in which it presented its own observations and sketched a general outline of what should be done to improve public protection.

With the help of **OACIQ** professionals, the Board of Directors went to work, analyzing the impacts of the Act and its regulations, examining potential improvements, consulting, etc.

Two main issues emerged from this rigorous process, i.e. the need to:

- clarify what constitutes a real estate or mortgage brokerage act; and
- maintain the **OACIQ**'s current self-regulation model.

Clarifying what constitutes a real estate or mortgage brokerage act seems central to us, to ensure that consumers benefit from all the protections provided by the Act in the course of their transactions. In addition, although it can always be improved, we maintain that the **OACIQ**'s self-regulation model has proved its worth and should be preserved.

In its Brief, the **OACIQ** also targeted another important issue for public protection: the oversight of building inspectors. The Organization submitted various other recommendations, including the oversight of co-ownership property managers.

Informing the public

Well-informed consumers are better equipped to carry out their transactions. As part of its ongoing efforts to discharge its primary mission, in 2015 the **OACIQ** developed several communication initiatives to inform buyers and sellers. Three advertising campaigns were carried out this year, including one deployed in various media outlets in the spring, followed by two web campaigns in May-June and in November-December. These initiatives helped us raise awareness of the **OACIQ**, its mission and services, and of broker oversight. In addition, the Organization entered into partnerships with Protégez-Vous.ca and the Chambre des notaires' lacopropriete.info website. These efforts will continue in 2016.

Financial stability

Through good governance the **OACIQ** was able to ensure its stability. This prudent financial management, overseen by the Board of Directors and validated by an audit, helped the **OACIQ** carry out its mission by improving public protection.

2016

Here are some of the Organization's priorities for 2016.

Building on the success of its Continuing education program, the **OACIQ** will pursue its efforts to increase the number of accredited training activities available while ensuring the quality of its own offer and that of other providers, all in an effort to continue encouraging the development of a continuing education culture in brokers.

In 2016 the Organization will have an opportunity to review and improve its operations. In addition, we will endeavour to build a culture of organizational transparency by opening the door to increased information dissemination.

I would like to thank the current members of the **OACIQ** Board of Directors for their dedication and ongoing involvement. The turnover of several Board positions in 2016 will bring in fresh forces to follow up on the Brief filed by the Organization in response to the Finance Department's *Report on the application of the Real Estate Brokerage Act.* In fact I would like to take this opportunity to urge all those who, like our current members, would like to get even more involved in the profession and work together to advance real estate and mortgage brokerage to run for a seat on the Board.

> "THE CHALLENGES AHEAD ARE CERTAINLY GREAT, BUT THEY ARE ONLY AS GREAT AS THE LEVEL OF PROTECTION WE STRIVE TO PROVIDE TO THE PUBLIC."

The challenges ahead are certainly great but they are only as great as the level of protection we strive to provide to the public.

Thank you everyone for a great 2015, and best wishes for success in 2016

Serge Brousseau
Chairman of the Board of Directors

REPORT FROM THE GENERAL MANAGEMENT

THE OACIQ, A WINNING FORMULA

In accordance with the priorities set by the Board of Directors, the Organization focused on two main issues in 2015: the implementation of the Mandatory Continuing Education Program and the **OACIQ**'s participation in the five-year revision of the *Real Estate Brokerage Act*.

Training for continuing improvement

Following a field consultation, which helped us adapt the program to changing practices, the implementation of the Continuing Education Program on May 1, 2015 was a key event, both for the Organization and for brokers.

The latter quickly got on board with this Continuing Education Program, with as many as 9,000 signing up for activities.

To get to this result, we needed to define brokers' needs, ensure a sufficient and quality training offer, and make sure the program was properly explained. Our success shows the effectiveness of our efforts. The program will continue to improve going forward in order to keep pace with the profession.

CLAUDIE TREMBLAY
Executive Vice-President
OACIQ

Better public protection

Alongside the implementation of the Continuing Education Program, a lot of effort went into taking stock of the last five years of application of the *Real Estate Brokerage Act* and its regulations. At the behest of the Board of Directors, the **OACIQ** also suggested a number of improvements to better protect the public. This process led to the publication of an extensive Brief which was officially submitted to the Finance Department at the end of September 2015.

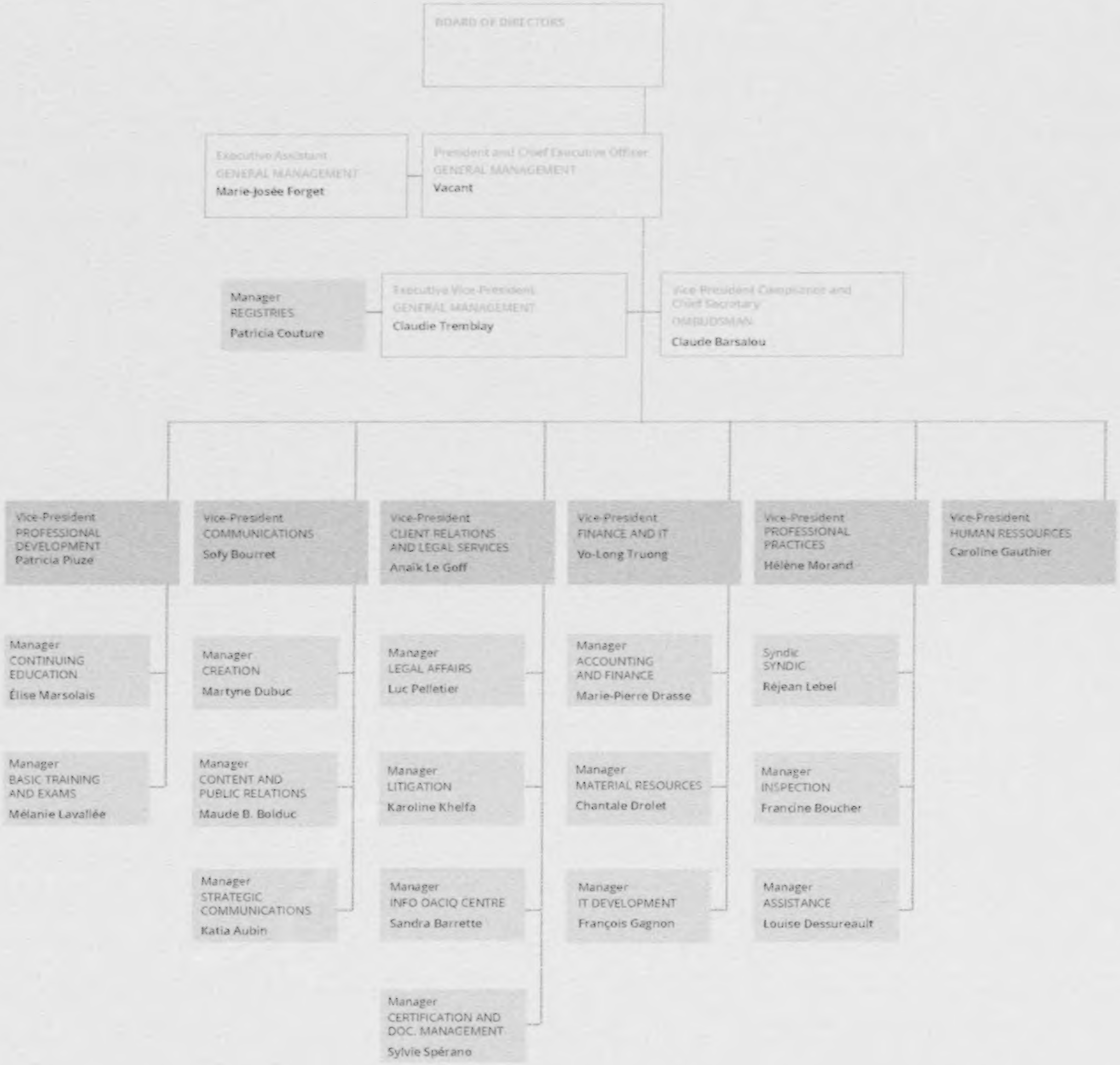
Improving our processes

Acting as a responsible manager, the Organization stepped up its efforts towards the implementation of an improved file processing system initiated in 2014. Thus all requests from the public or from brokers now go through a single gateway. This tool has already enabled us to simplify access to services and file follow-up. The result: processing times have decreased in several departments. This improvement process is scheduled to continue.

Better public information

In terms of communication initiatives, the **OACIQ** developed three advertising campaigns. The common goal was to raise public awareness about the Organization, its mission and services, and the oversight of brokers. These efforts have borne fruit and will continue in 2016.

> "THE IMPLEMENTATION OF THE CONTINUING EDUCATION PROGRAM ON MAY 1, 2015 WAS A KEY EVENT, BOTH FOR THE ORGANIZATION AND FOR BROKERS."


BOARD OF DIRECTORS
Executive Assistant
GENERAL MANAGEMENT
Marie-Josée Forget
President and Chief Executive Officer
GENERAL MANAGEMENT
Vacant
Manager
REGISTRIES
Patricia Couture
Executive Vice-President
GENERAL MANAGEMENT
Claudie Tremblay
Vice President Compliance and Chief Secretary
OMBUDSMAN
Claude Barsalou
Vice-President
PROFESSIONAL DEVELOPMENT
Patricia Piuze
Vice-President
COMMUNICATIONS
Sofy Bourret
Vice-President
CLIENT RELATIONS AND LEGAL SERVICES
Anaïk Le Goff
Vice-President
FINANCE AND IT
Vo-Long Truong
Vice-President
PROFESSIONAL PRACTICES
Hélène Morand
Vice-President
HUMAN RESSOURCES
Caroline Gauthier
Manager
CONTINUING EDUCATION
Élise Marsolais
Manager
BASIC TRAINING AND EXAMS
Mélanie Lavallée
Manager
CREATION
Martyne Dubuc
Manager
CONTENT AND PUBLIC RELATIONS
Maude B. Bolduc
Manager
STRATEGIC COMMUNICATIONS
Katia Aubin
Manager
LEGAL AFFAIRS
Luc Pelletier
Manager
LITIGATION
Karoline Khelfa
Manager
INFO OACIQ CENTRE
Sandra Barrette
Manager
CERTIFICATION AND DOC. MANAGEMENT
Sylvie Spérano
Manager
ACCOUNTING AND FINANCE
Marie-Pierre Drasse
Manager
MATERIAL RESOURCES
Chantale Drolet
Manager
IT DEVELOPMENT
François Gagnon
Syndic
SYNDIC
Réjean Lebel
Manager
INSPECTION
Francine Boucher
Manager
ASSISTANCE
Louise Dessureault

INFORMING

HIGHLIGHTS

Here are the highlights of the OACIQ's activities in 2015, followed by a more detailed report by sector.

January

- The OACIQ enhances the content of the oaciq.com website to better inform the public.

March

- Launch of the TV and web campaign.
- Launch of a new and improved version of the brokers' site synbad.com.

April

- The OACIQ becomes a content partner of the Protégez-Vous.ca website, where it posts information capsules to raise consumer awareness about the Organization's services and public protection role.
- Publication of the Professional Practices Guide entitled *Immeuble: effectuer les opérations*.
- Publication of a new guide to help brokers manage their digitized records.

May

- Implementation of the Mandatory Continuing Education Program. The first two-year cycle ends April 30, 2017.
- Launch of a new web advertising campaign: "Get answers to your questions".
- Annual General Meeting on May 13 with keynote speakers Danièle Henkel and Mélanie Turgeon.

June

- The **OACIQ** becomes a content partner of the lacopropriete.info website, in collaboration with the Chambre des notaires du Québec.
- The **OACIQ** certifies a third provider of electronic signature solutions.

July

- The Organization encourages brokers to use electronic forms, for which a subscription is now available.

September

- First submission by the **OACIQ** to the lacopropriete.info monthly newsletter.
- The **OACIQ** signs an agreement with two new associations of building inspectors in order to better structure this practice.
- Consultation with the profession and submission of a Brief to the government, wherein the **OACIQ** responds to the two main issues raised by the Québec Finance Department in its *Report on the application of the Real Estate Brokerage Act*.

October

- Launch of a new **OACIQ** advertising campaign on the theme "We oversee brokers for your protection."
- October 23: Elections to the **OACIQ** Board of Directors: Messrs. Serge Brousseau and Richard Dion remain respectively as President and Vice-President. Mr. Roger Doré, who represents commercial real estate brokers, takes the Treasurer's position over from Mr. Daniel Pelchat.

Other OACIQ accomplishments throughout the year:

- 176 training activities accredited.
- 268 education activities provided by **OACIQ** trainers.
- Continued efforts to improve organization transparency and access to documents.
- Implementation of a single gateway to accelerate the processing of requests for assistance.
- The **OACIQ** Info Centre remains a popular resource for members of the public, agency executive officers and brokers.
- Quicker processing of cases of illegal real estate or mortgage brokerage.

Basic training and examinations

For the Basic Training and Examinations Department, the year 2015 was focused on the strengthening of professional ties with educational establishments, based on collaboration and support.

In order to efficiently monitor the quality of the programs provided, the Department continued to develop relationships with educational establishments. In addition, through candidate surveys, establishment visits and direct communications, we were able to get an accurate and current reading of the reality of basic training. Mutual trust between establishments and the Organization enabled us to ensure the quality of the programs offered while maintaining the prerogatives related to our public protection role.

Our efforts to optimize our exam correction processes through the use of technologies also occupied much of our time.

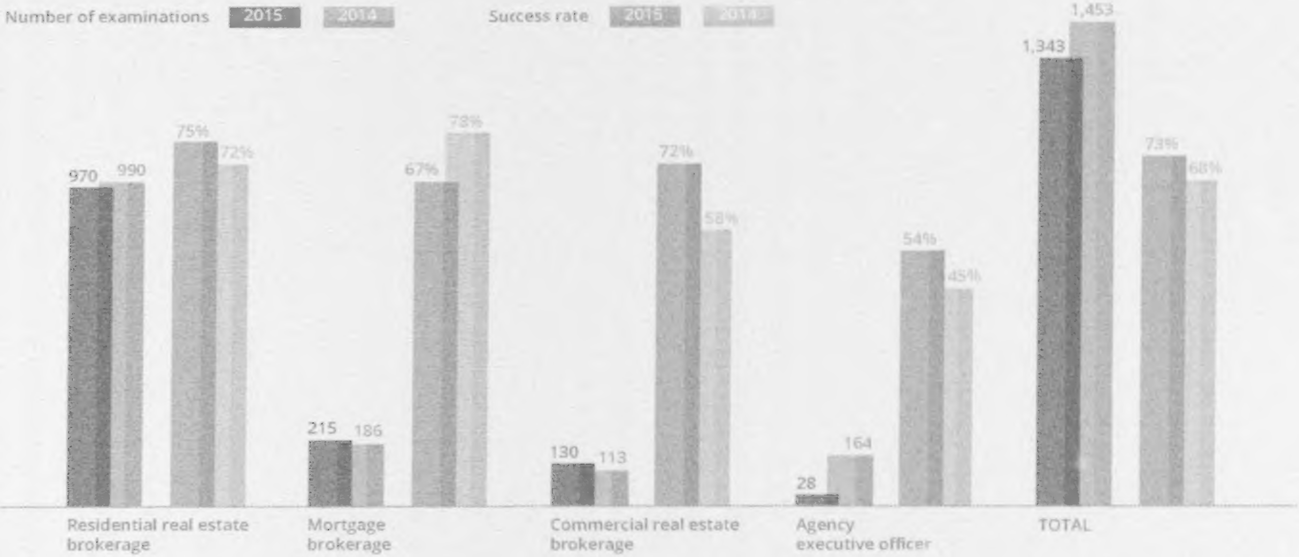
The main achievements of this Department include:

- deployment of the correction module to optimize correction processes;
- surveying of candidates writing their initial examination regarding their basic training;
- implementation of monitoring tools to provide educational establishments with objective and concrete data on their programs;
- collaboration with the Office québécois de la langue française on a project to review French exams for future brokers.

In 2016

In the coming year, the Basic Training and Examinations Department plans to create new tools to prepare for certification examinations. The Department also plans to review the Competency Framework in Mortgage Brokerage to better meet the current and future needs of the profession, in cooperation with the MBRC (Mortgage Broker Regulators Council of Canada), practitioners in the field, and educational establishments offering this program. In addition, always in order to respond adequately to the needs of candidates and establishments, the Department will analyze the logistical aspects of examination sessions in order to make concrete improvements.

CERTIFICATION EXAMINATIONS – 2015



Continuing education

The year 2015 was a notable one for the Continuing Education Department, with the very first Mandatory Continuing Education Program coming into force on May 1.

The three main objectives of the program are to:

- maintain and develop the skills of all brokers;
- increase credibility and public trust in the profession;
- develop an enduring continuing education culture in brokers.

Each broker must accumulate 18 continuing education units (CEUs) by April 30, 2017, including a minimum of six CEUs in the Core Content category; the rest (12 CEUs) may be obtained in either the Core Content (related to knowledge of the *Real Estate Brokerage Act*, contract and forms, and ethics) or Specialized Content categories (related to skills in financing, management, environment, etc.), at the broker's choice.

Here are some of the main achievements of this team in 2015:

- development of more **OACIQ** activities in webinar and online formats;
- accreditation of over 700 hours of training;
- publication of a new professional practices guide;
- presence in the field to introduce brokers to the program.

> **"THE CONTINUING EDUCATION DEPARTMENT WORKED HARD TO RAISE BROKER AWARENESS OF THE PROGRAM."**

A collective success

The Continuing Education Department worked hard to raise broker awareness of the program (see the section on Communications in this issue) and to make sure the program was clearly understood and brokers could start attending the activities of their choice. Several actions were also taken with training providers working in residential, commercial and mortgage brokerage to ensure their training offer reflects the needs of the practice.

Before being accredited, training activities are analyzed by the Continuing Education Department, with the help of other departments, to ensure that the proposed content is eligible for the program and is in accordance with the practices promoted by the **OACIQ**. Having accredited 176 training activities in the course of the year, compared with eight in 2014, the Continuing Education Department rolled up its sleeves in order to reach one of the objectives announced when the program was implemented, that of allowing brokers to choose when and where they wished to receive their training, based on to their professional needs.

To this end, the **OACIQ**, itself a provider, also increased its training offer in all formats, i.e. live, online and webinar. This resulted in a record number of new education activities being developed in the course of the year.

Eight months only after the beginning of the program, over half of all brokers have begun theirs. Efforts will continue in 2016 to help brokers get training, either with the **OACIQ** or with any other recognized provider, so that they only have a few CEUs left to accumulate in the last few months of the cycle, at the beginning of 2017.

Training activities accredited by the OACIQ: 176

Number of:

+ 90	Providers
602	Sessions attended
14,000	Participants
+ 45,000	CEUs granted

OACIQ CONTINUING EDUCATION ACTIVITIES – 2015

Format	Number of trainings	Number of sessions	Number of participants	CEUs
Live	31	192	4,995	13,998
Online	11	N/A	1,643	3,474
Webinar	12	76	2,426	7,119

Forms

The **OACIQ** keeps a close watch on the forms it provides for the exclusive use of residential and commercial real estate and mortgage brokers to ensure they remain current.

This year, most of the changes related to commercial leasing forms, as well as clause 5.3 of the exclusive brokerage contract regarding the loan guaranteed by immovable hypothec. In addition, a new mandatory form was introduced for the sale of a residential immovable located outside the province (*Annex Sale – Residential immovable outside Québec*).

Conscious of the growing importance of electronic forms, in March the Organization entered into an agreement with Centris®. This firm will provide access to the latest versions of **OACIQ** electronic forms on the InstanetForms™ platform for the next three years. Since July 1, 2015, a subscription is needed to use brokerage forms via the InstanetForms™ tool. For a small annual fee, brokers have access to all forms.

Given the growing popularity of electronic forms and rising concerns for the environment, over the next few years forms will gradually become available exclusively in electronic format on the InstanetForms™ platform.

And finally, the **OACIQ** has accredited a third firm offering an electronic signature solution.

Communications

The role of the **OACIQ** Communications Department is to support the Organization's public protection mission by ensuring that its messages are disseminated proactively, efficiently and consistently.

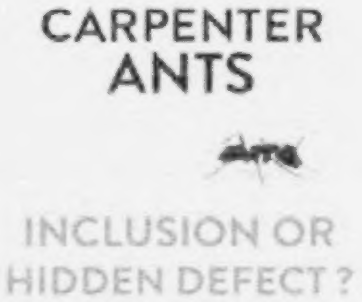
A busy year

The year 2015, as we know, marked the five-year revision of the *Real Estate Brokerage Act* as well as the official launch of the Mandatory Continuing Education Program, two projects in which the Communications team played a great part. A major communications plan was put together to ensure that this program is clearly understood and embraced by brokers.

CONTINUING EDUCATION PROGRAM 2015-2017
THE POWER TO DO MORE

Several effective initiatives:

- In March, a TV and radio advertising campaign.
- In May, the first stage of a web campaign to educate the public about the services and resources available from the **OACIQ**.



- In the fall, a new iteration of our advertising campaign, with two visuals focused on the oversight role played by the **OACIQ** through training and skills maintenance for real estate brokers, and publication of about 20 articles on the same themes on a number of major Quebec media sites.
- In April, the **OACIQ** became a content partner of the Protégez-Vous.ca website, and in June, a content partner of the lacopropriete.info website.

protégezvous

LACOPROPRIÉTÉ .INFO

These initiatives certainly helped raise awareness of the Organization, since an extra 100,000 hits were registered on the oaciq.com website in 2015.

Dynamic tools

We also pursued our ongoing objective of informing real estate and mortgage brokers through the weekly *Pro@ctive* newsletter and *Profession BROKER* magazine.

BROKER
HOW TO SUCCEED ON A DAILY BASIS

Oaciq.com website

In 2015 the **OACIQ**'s public site was enhanced with new content to meet the needs of consumers. Traffic on the site increased by 79%, going from 218,282 to 390,805 users.

OACIQ
THE OACIQ, PARTNER OF PROTEGEZ-VOUS.CA
The future of public protection starts here!
protegez-vous

Synbad.com

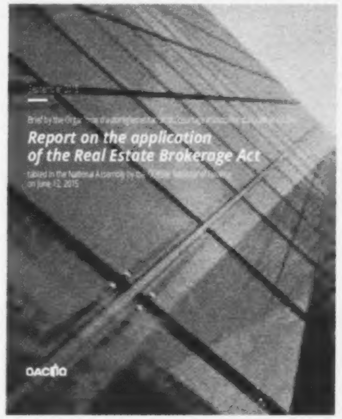
Synbad.com, the intranet site for brokers, is an important tool which is constantly being improved. This is where brokers can find a whole array of tools for their practice: mandatory and recommended forms, information on every aspect of the practice, reference materials, trainings, etc. In addition, the **MY RECORD** section has been revamped; among other things, it now allows brokers to consult the list of all training activities for which they obtained CEUs.

Licence Maintenance and Information Update 2016
Deadline: April 30, 2016
YOUR OPINION MATTERS!

Media relations

Most requests for information from journalists dealt with issues relating to the work and obligations of the broker. In addition, we noted an increased number of requests regarding disciplinary records.

We also acted proactively, for instance by reaching out to specific media outlets in order to share the **OACIQ**'s point of view on the publication of our Brief on the five-year revision of the *Real Estate Brokerage Act*.



Report on the application of the Real Estate Brokerage Act

Events

Each year, the Communications Department plans and organizes several events that allow the **OACIQ** to inform consumers and provide tools to brokers. Some of these events in 2015 included:

- the National Home Show, mainly aimed at the general public;
- the Annual General Meeting, in May, which gave brokers a chance to recharge and exchange with their peers;

- the first Rendez-vous **OACIQ**, an event for real estate boards aimed at disseminating the **OACIQ**'s training offer.

In 2016

In 2016 the Communications Department will continue its efforts to raise the profile of the **OACIQ** and its resources, especially for the general public. It will also continue to adapt its tools to better help the **OACIQ** carry out its mission.

Access to documents

The **OACIQ** has always striven to keep consumers and brokers informed of its operations, decisions, objectives and results. In addition to traditional means of information and communication, the **OACIQ** makes several documents of public interests available on its website.

Under the *Act respecting access to documents held by public bodies and the protection of personal information*, all documents concerned by an access-to-information request are analyzed. If the documents are not subject to restrictions on the rights of access, and if allowed under the *Real Estate Brokerage Act* and the regulations, we forward the requested information.

During the year, the Organization received 45 access-to-information requests. Of these, nine were accepted, 13 were refused, and three were deemed inadmissible. The reasons for requests being refused or deemed inadmissible had mostly to do with privacy protection, but also to protect the confidentiality of investigation files.

In 2016 the **OACIQ** will pursue its efforts to improve transparency by posting new information categories on its public site, in an ongoing and proactive manner.

Document management

In 2015 the **OACIQ** continued implementing its electronic document management process, aimed at improving efficiency and reducing costs.

Certification

The Certification Department maintained its efforts to make file processing efficient and ensure regular communications with agency executive officers, brokers, and future licence holders.

Thus for the very first time, the annual information updating process was combined with licence maintenance and could be completed online. The operation was a success. We received some positive and constructive criticism, which will help us improve the process in 2016.

In addition, five years after the implementation of the new *Real Estate Brokerage Act*, many brokers were required to update their photo. This process will continue in 2016.

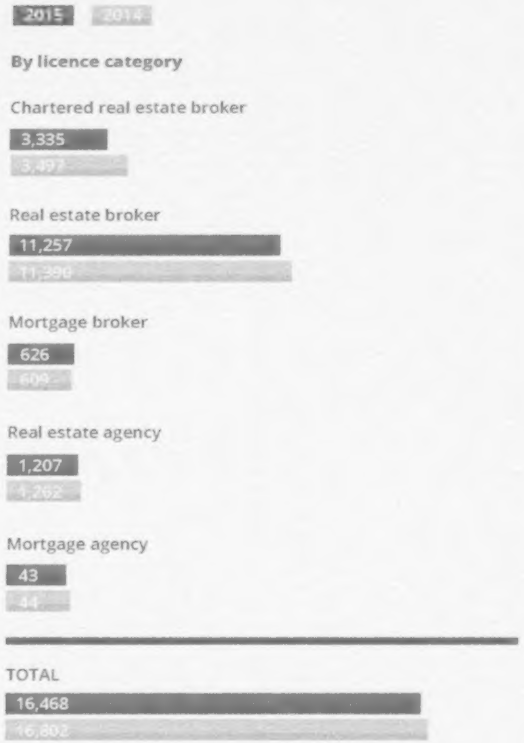
Other highlights included the implementation of a quality assurance process in order to maintain an efficient, uniform and consistent service.

In 2016 the Department will launch a pilot project to optimize call handling. In our continuing efforts to meet brokers' need for information, a new FAQ page will be uploaded.

Active licences

The number of real estate and mortgage agencies and brokers holding a valid licence totalled 16,468 at the end of 2015, compared with 16,802 as at December 31, 2014. This represents a decrease of 334.

BREAKDOWN OF REAL ESTATE AND MORTGAGE AGENCIES AND BROKERS
(as at December 31)



BREAKDOWN OF REAL ESTATE AND MORTGAGE AGENCIES AND BROKERS (as at December 31, 2015)

Region	Agencies	Brokers	Total
Montréal region			
Montréal (06)*	500	6,009	6,509
Laval (13)	96	2,325	2,4[illegible]
Montérégie (16)	231	2,368	2,599
Sub-total	827	10,702	11,529
Québec City region			
Capitale-Nationale (03)	113	1,154	1,267
Chaudière-Appalaches (12)	24	180	204
Sub-total	137	1,334	1,471
Northeast region			
Abitibi-Témiscamingue (08)	7	61	68
Bas-Saint-Laurent (01)	8	98	106
Saguenay–Lac-St-Jean (02)	11	168	179
Côte-Nord (09)	5	36	41
Gaspésie–Îles-de-la-Madeleine (11)	2	9	11
Nord-du-Québec (10)	0	0	0
Sub-total	33	372	405
Central region			
Mauricie (04)	8	173	181
Estrie (05)	36	325	361
Lanaudière (14)	43	542	585
Centre-du-Québec (17)	14	103	117
Sub-total	101	1,143	1,244
Western region			
Outaouais (07)	39	485	524
Laurentides (15)	113	1,182	1,295
Sub-total	152	1,667	1,819
TOTAL	1,250	15,218	16,468

** The numbers in brackets indicate the numbers of Québec's Administrative Regions.*

Franchiser	Agencies	Brokers	Total
Centres hypothécaires Dominion	15	135	150
Century 21	31	550	581
Colliers International (Québec) inc.	1	24	25
Exit	4	16	20
Groupe Sutton	38	1,788	1,826
HYPOTHÉCA Courtier hypothécaire inc.	8	182	190
Multi-Prêts Hypothèques	10	409	419
RE/MAX	186	3,376	3,562
Royal LePage	63	1,341	1,404
TIMS Transaction immobilière multi-services	1	10	11
Vendirect	2	307	309
Via Capitale	48	1,089	1,137
SUB-TOTAL	407	9,227	9,634
Independents*	843	5,605	6,448
TOTAL	1,250	14,832	16,082

Note: A franchiser is a company that authorizes at least one franchised agency to use its brand name and system under the terms and conditions of a franchise agreement.

** Agencies that have 20 brokers or more acting on their behalf.*

OACIQ Info Centre

The **OACIQ** Info Centre is the entry point for requests for information from the public and from brokers. In order to be able to provide the most up-to-date answers, information agents, who are brokers themselves, must also attend training activities under the Continuing education program. In addition, a quality assurance process enables us to optimize customer service.

In 2015, 72% of the 57,136 calls (almost three out of four) came from brokers, and 28% from the public, which is comparable to the year before. The slight decrease in the number of requests (1,748) over 2014 is due to the number of ad hoc requests that had been made regarding the continuing education activity on Collaboration in that year.

Again this year, the topics of ethics and forms generated the most requests. These were covered in information capsules published in the Organization's *Pro@ctive* newsletter and *Profession BROKER* magazine. The new version of synbad.com launched at the beginning of the year resulted in a number of requests for information or comments, due among other things to the more secure password. In addition, prepaid continuing education units (50% discount trial offer on **OACIQ** online and webinar activities) and subscription to InstanetForms™ prompted some requests for information.

The dedicated line for agency executive officers was used this year by over 6,000 callers, accounting for over 10% of all requests for information.

In 2016 the Department will continue to respond to requests from the public and from brokers, to provide support for online training activities and, of course, to refer callers to the online resources appropriate to their situation.

Processional practices

ASSISTANCE

The Assistance Department is the gateway for seeking the **OACIQ**'s help and reporting violations. Whether they come from a consumer, a broker or an agency, and regardless of whether or not they involve a claim, all requests for assistance are handled by this department. Requests are analyzed in order to determine the nature of the dispute and decide on the appropriate course of action.

Requests for the Organization's assistance in settling a dispute involving a broker are reviewed by an analyst from the Assistance Department. The analyst provides information on possible recourses and intervenes with the broker or the agency to help find a solution to the problem. It is important to note that all analysts are experienced, fully-licensed brokers qualified to act as agency executive officers.

A simplified and efficient process

One of the highlights was the implementation of the single file and single request for assistance and claim form. Another was the effort, begun in 2014, to reduce file processing times, which continued in 2015 to achieve an average processing time of 63 days, compared with 95 days in 2014.

The Assistance Department received 1,849 requests for assistance during the year, representing a slight decrease from 2014, when the number was 1,921. A little more than half of all requests (55%) came from the public.

The number of open files at the end of the year remained similar, i.e. 318 in 2015 versus 322 in 2014. This year again, a third of requests for assistance concerned failure by a broker to inform, verify or advise, which tells us that we must continue to inform and educate brokers about their ethical duties.

Most requests for assistance led to:

- referral of the file to the Office of the Syndic or for investigation for illegal brokerage;
- a correction made by the broker or an agreement between the parties concerned;
- a warning to the broker; or
- closing of the file because no fault was committed or for insufficient evidence.

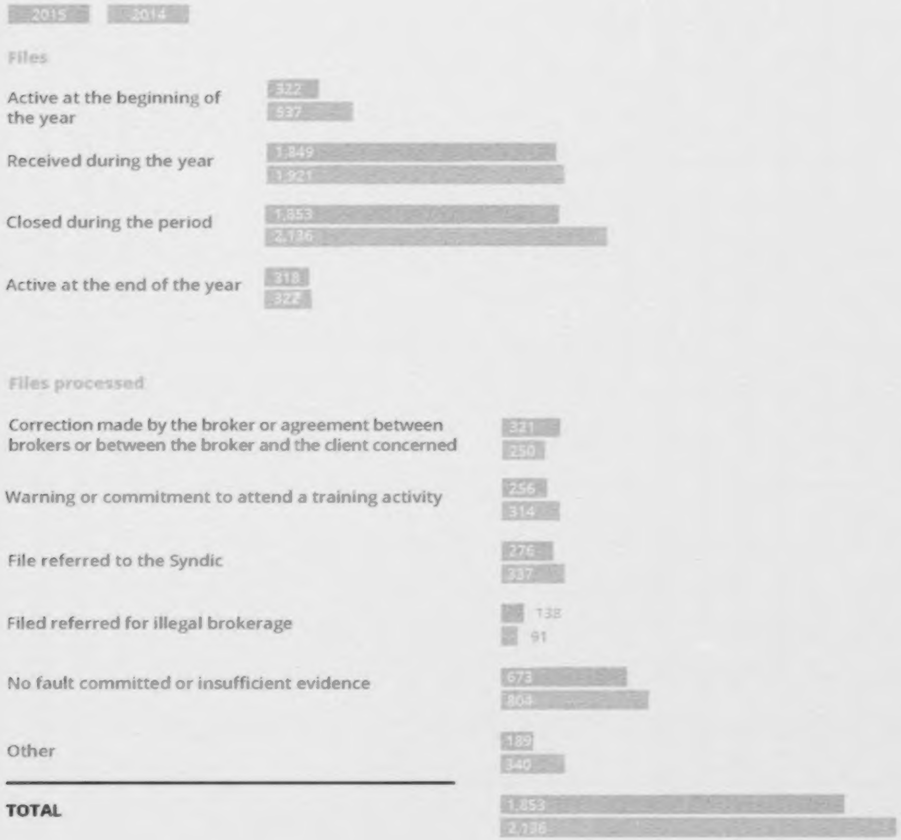
In addition, some requests resulted in a commitment by the broker to attend a training activity in order to improve his professional practices. The training activities most often ordered by the Assistance Department were "Presence of pyrrhotite and real estate transactions", "The broker who buys or sells", and the activity on the use of real estate brokerage forms.

During 2015, 63% of requests concerned transactions on residential immovables containing less than five dwellings.

In 2016

In 2016 the Department's main challenge will remain to minimize processing times while consolidating the implementation of the single file process, and to continue processing files as quickly and efficiently as possible while keeping abreast of the profession, all in an effort to ensure public protection.

ANNUAL COMPARISON



ILLEGAL BROKERAGE

When someone reports a potential case of illegal brokerage to the **OACIQ**, the file is referred to the Office of the Syndic for investigation. Once the Office of the Syndic completes its investigation, if the evidence reveals a violation, the case is brought before the Court of Québec.

Efforts to decrease processing times for cases of illegal real estate or mortgage brokerage activities continued in 2015. The average waiting time for an investigation to begin thus went from four to a little over two months, this despite an increase in the number of open files (198 in 2015 versus 93 in 2014). Also, average file processing time went down slightly, from 78 to 70 days. Some 166 investigations of illegal brokerage cases were completed.

Of note in 2015: about 40% of cases pertained to illegal mortgage brokerage, some of which involved brokers. When broker involvement was found, complaints were or are being filed against the licence holders concerned.

In addition, the Syndic observed a proliferation of new websites offering an array of services related to real estate transactions.

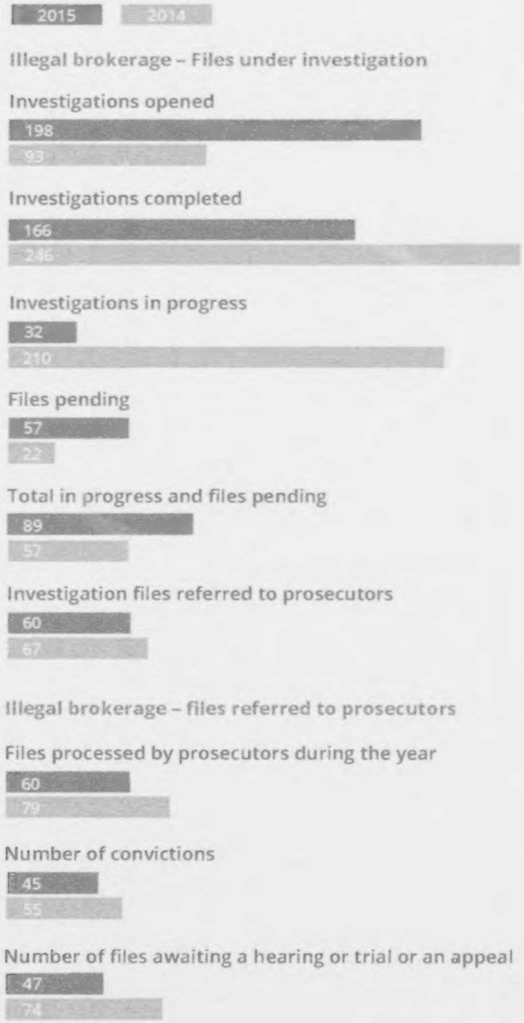
Some 60 cases of illegal brokerage were processed in the course of the year. The number of convictions (further to a trial or guilty plea) obtained in 2015 was 45. The number of files awaiting a hearing or trial or an appeal decision at the end of the year was considerably lower compared to 2014, dropping from 74 to 47.

In 2016

In 2016 the Office of the Syndic and the Litigation Department will work to maintain the results achieved in reducing processing times for suspected illegal brokerage cases. To do so, these departments will continue to implement new procedures to optimize the use of their resources.

In the DuProprio inc. affair, following the decision handed down by the Honourable Québec Superior Court Justice François Huot, in October 2013 the **OACIQ** filed a motion for declaratory judgement with the Superior Court in order to obtain a clear definition of what constitutes a brokerage transaction under the *Real Estate Brokerage Act*. DuProprio then filed a motion to dismiss our application. On January 29, 2016, the Superior Court confirmed that the **OACIQ**'s motion is justified. On February 26, 2016, DuProprio applied for leave to appeal this decision before the Québec Court of Appeal.

TABLE OF ILLEGAL BROKERAGE FILES



Office of the Syndic and Inspection Department

For more details on the departments' activities in 2015, see the Report from the Syndic (p. 38) and the Report from the Inspection Committee (p. 46).

Mortgage and commercial brokerage

The **OACIQ** Working group on mortgage brokerage and Working group on commercial real estate brokerage continued their work. They contributed to the Mandatory Continuing Education Program, in addition to discussing the problems encountered in their respective fields, which led to the publication of articles containing information adapted to practitioners in these areas. In addition, the presence since 2014 of mortgage and commercial real estate brokerage representatives on the **OACIQ** Board of Directors is helping ensure that sound decisions are made concerning brokers working in these fields.

National collaboration

The **OACIQ** also took part in the work of the Mortgage Broker Regulators' Council of Canada (MBRCC). The mission of this organization is to improve consumer protection, develop national solutions to shared concerns, and promote the harmonization of Canada's regulatory practices.

In addition, the **OACIQ** continues to be involved in the work of the CRER (Canadian Real Estate Regulators), an organization whose mission is similar to that of the MBRCC, but on the real estate side.

Financial statements

The General Operating fund registered a loss of $646,492 in 2015. The difference can be explained among other things by a drop in revenues from continuing education activities and by the expense incurred by staff movements in the course of the year.

For more details, see the Report from the Treasurer (p. 54), the Independent Auditor's Report (p. 59) and the Financial Statements (p. 61).

2016

Given the income and expense projections for 2016, the **OACIQ** plans to analyze broker demographics and retention over the next five years, from 2016 to 2020, as fees and memberships are the Organization's main revenue source.

PREPARING FOR THE FUTURE

In 2016 the **OACIQ** will continue to foster the development of a training culture in brokers. In addition, the **OACIQ** will take an active part in the revision process of the *Real Estate Brokerage Act*.

The members of the Management Committee would like to thank the members and the Chair of the Board of Directors for their vision and support in the fulfilment of the mandates entrusted to us.

The achievements outlined here are the result of the untiring work and dedication on the part of the employees, for which we thank them. Their enduring desire to help brokers adapt their practices to the changing needs of consumers has been invaluable.

Claudie Tremblay
Executive Vice-President
OACIQ

> "IN 2016 THE **OACIQ** WILL CONTINUE TO FOSTER THE DEVELOPMENT OF A TRAINING CULTURE IN BROKERS."

THE OACIQ'S PERSONNEL

AS AT DECEMBER 31, 2016

General Management

Claudie Tremblay

Executive Vice-President

Marie-Josée Forget
Executive Assistant

Mélanie Barron
Assistant to vice-presidents

Brigitte Guilbault

Assistant to
General Management

Élise Bordeleau Monchamp
Agent, reception

Annie Cadorette
Receptionist

Yesimy Lopez
Agent, Meetings

Compliance and ombudsman

Claude Barsalou
Compliance and
Chief Secretary

Human Resources

Caroline Gauthier
Vice-President

Nathalie Descôteaux
Agent

Magalie Odnéus
Advisor

Registries

Patricia Couture
Manager

Sylvie Desjardins
Discipline Committee Assistant
Secretary

Sophia Di Gregorio
Records Agent, Hearing Clerk

Renée Dionne
Discipline Committee Secretary

Annie Hudon
Lawyer

Christiane Moreau
Records Agent, Hearing Clerk

Estelle Richard
Administrative Assistant

Julie Tremblay
Agent

Client Relations and Legal Services

Anaik Le Goff
Vice-President

Marie-Josée Le Sauteur
Assistant to Vice-President \
Paralegal

Jean-François Savoie
Legal Counsel

LEGAL AFFAIRS

Luc Pelletier
Manager

Isabelle Charlebois
Lawyer

Mélanie Dufault
Lawyer

Annie Dulude
Lawyer

Annie Ferland
Administrative Assistant

Clément Mabit
Lawyer-Analyst

Isabelle Simard
Lawyer-Analyst

LITIGATION

Karoline Khelfa
Manager

Chabha Amirèche
Paralegal

Mia Bahri
Lawyer

Anick Beauregard
Paralegal

Marc-Antoine Bondu
Lawyer

Geneviève Breton
Lawyer

Vanessa Joannisse-Goulet
Lawyer

Catherine Lalonde
Paralegal

Diane Lapointe
Administrative Assistant

Jean-Philippe Leroux
Lawyer

Isabelle Martel
Lawyer

Emmanuelle Ouimet-Deslauriers
Lawyer

Laurence Rey El Fatih
Lawyer

Brigitte Savard
Agent

CERTIFICATION AND DOCUMENT MANAGEMENT

Sylvie Sperano
Manager

Stéphanie Hall
Coordinator

Brigitte Bissonnette
Agent

Sophie Desfossés
Agent

Marie-Ève Gagnon Bird
Agent

Isabelle Hétu
Agent

Martine Lapierre
Technician

Manon Pouliot
Agent

Janette Rodriguez
Agent

Stéphanie Sarazin
Technician

Diane Vallée
Agent

OACIQ INFO CENTRE

Sandra Barrette
Manager

Bibiane Laliberté
Coordinator

Louise Aubé
Quality Assurance Agent

Louise Bonneau
Information Agent

Maud Isabel
Information Agent

Catherine Leblanc-Landry
Information Agent

Isabelle Malouf
Information Agent

Denyse Proulx
Information Agent

Donald Alan Roy
Information Agent

Sylvain Théberge
Information Agent

Guylaine Turgeon
Information Agent

Sihem Zellagui
Information Agent

Finance and IT

Vo-Long Truong
Vice-President

MATERIAL RESOURCES

Chantale Drolet
Manager

François Chiasson
Agent, User/Technical Support

Raynald Chiasson
Store Coordinator

Rejean Denis
Agent, User/Technical Support

Pier-Paul Micheletti
Network Administrator

ACCOUNTING AND FINANCE

Marie-Pierre Drasse
Manager

Catherine Beaulac
Responsible Accounting Clerk, Accounts Receivable

Jessica Blanchet
Technician, Payroll and Accounting

Joanne Moreau
Accounts Receivable Agent

Lyne Plamondon
Accounts Payable Agent

Virginie Sinotte Lefebvre
Controller

IT DEVELOPMENT

François Gagnon
Manager

Jacky Vaillancourt
Coordinator Developer

Martin Boulanger
Software Developer

Mathieu Clusiau
Software Developer

Daniel Lepage
Software Developer

Abdelkarim Moumen
Software Developer

Hafid Ouazib
Software Developer

Francis Vinet
Software Developer

Professional practices

Hélène Morand
Vice-President

Mario Baillargeon
Records Coordinator

INSPECTION

Francine Boucher
Manager

Geneviève Larouche
Coordinator

Lyne Audet
Inspector

Mario Busque
Inspector

Doreen Carrière
Agent

Stefan Comtois
Inspector

Lisa Gougeon
Agent

Johanne Langlois
Agent

Céline Larouche
Inspector

Ronald Leblanc
Inspector

Jean-Luc Meunier
Inspector

ASSISTANCE

Louise Dessureault
Manager

Claude Cadorette
Analyst

Karyne Dubreuil
Technician \ Analyst

Martine Fréchette
Analyst

Lucie Hynes
Analyst

Christiane Jalbert
Analyst

Hélène L'Hérault
Analyst

Pascale Montpetit
Analyst

Stéphanie Paquin
Agent

Éric Roy
Analyst

SYNDIC

Réjean LeBel
Syndic

Carleta Calin
Agent

Giovanni Castiglia
Assistant Syndic/Advisor

Martin Cayer
Assistant Syndic

Isabelle Daoust
Agent

Robert Deschamps
Assistant Syndic

Richard Frigon
Assistant Syndic

Yves Gardner
Assistant Syndic

Sylvie Jacques
Assistant Syndic

François LeBel
Assistant Syndic

Julie Pinet
Assistant Syndic

Communications

Sofy Bourret
Vice-President

Chantal Gauthier
Assistant to Vice-President

STRATEGIC COMMUNICATIONS

Katia Aubin
Manager

Karine Desfosses
Advisor

Caroline Girard
Advisor

CONTENT AND PUBLIC RELATIONS

Maude Bujeault Bolduc
Manager

Michel Legault
Writer-Reviser

Véronique Parret
Publishing Advisor

Rachid Tiji
Translator-Reviser

CREATION

Martyne Dubuc
Manager

Karen Hamelin
Computer Graphics Designer

Anastasios Mantas
Graphic Designer

Tri-Dao Tsang
E-learning Computer Graphics Designer

Florence Vailhen
Multimedia Agent

Professional Development

Patricia Piuze
Vice-President

Rim Hadjem
Assistant to Vice-President

Patrick Hiriart
Broker/Consultant

CONTINUING EDUCATION

Élise Marsolais
Manager

Natalie Bourcier
Advisor

Marie-Josée Damico
Technician

Luce Gosselin
Advisor

Pierre-Yves Legault
Advisor

Marjolaine Lewis
Advisor

BASIC TRAINING AND EXAMINATIONS

Mélanie Lavallée
Manager

Colette E. Gaines
Coordinator

Louise Beaupré
Administrative Assistant

Maryse Bourgeault
Reviser / Evaluation and Content

Mélanie Caron
Specialist

Dino Di Massimo
Reviser / Evaluation and Content

César Dos Santos
Specialist

Julie Gagnon
Agent

Line Lemieux
Agent

PROTECTING

REPORT FROM THE SYNDIC

The role of the Office of the Syndic is to ensure that broker practices in the field conform to the various sections of the *Real Estate Brokerage Act*. It is the keeper of the professional integrity of brokers, thereby contributing to public protection.

INCREASED EFFICIENCY

In addition to taking over the investigation of illegal real estate or mortgage brokerage cases in 2014, in 2015 the Office of the Syndic took on the responsibility of obtaining the facts needed by the **OACIQ** Indemnity Committee to make its decisions. The Office also cooperates with the **FARCIQ** on cases that concern them and where it is able to provide relevant information.

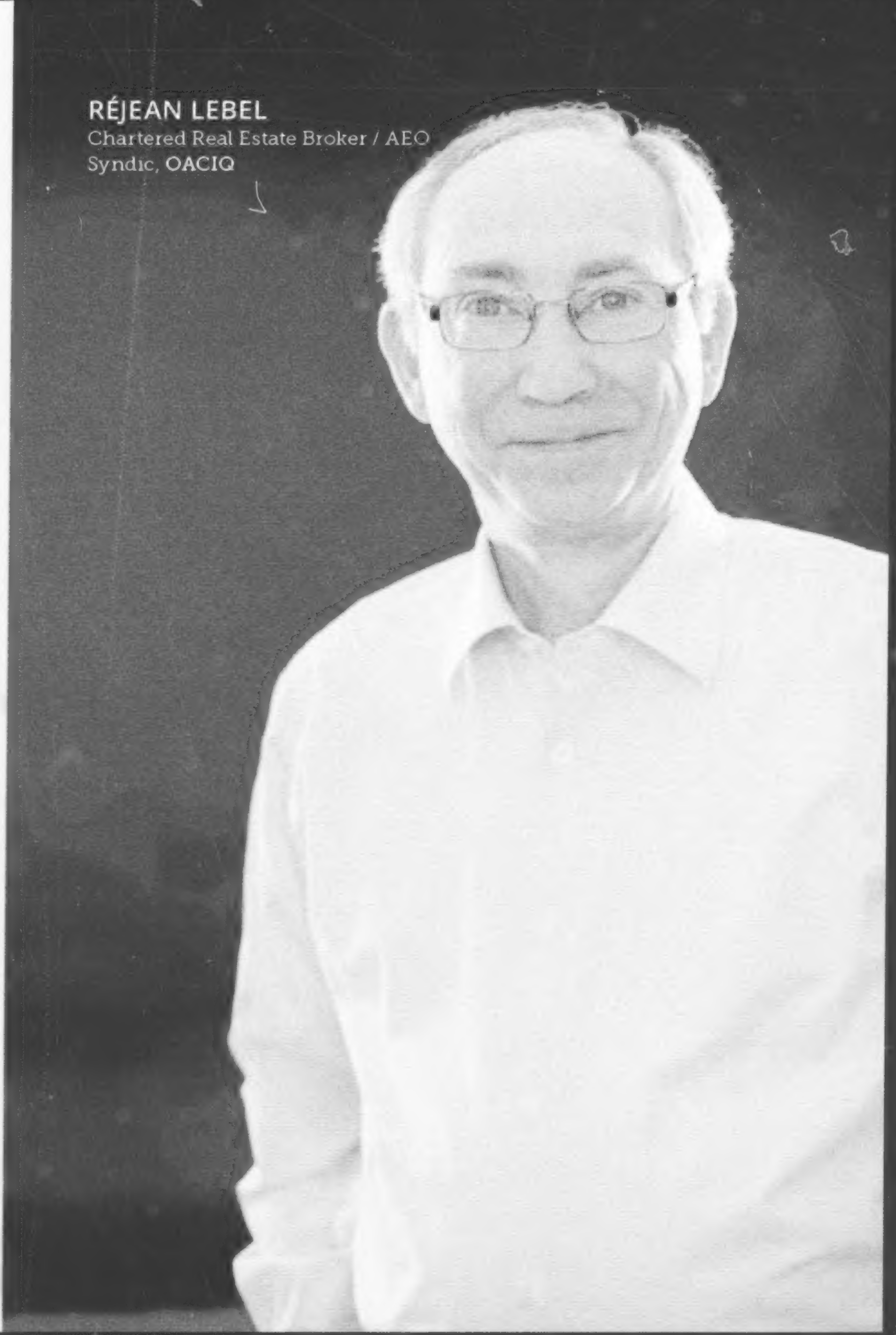
The priority for the Office of the Syndic in 2015 was to reduce the average time period for investigations, which it reduced to 175 days compared with 225 days in 2014.

In 2015 the allegations investigated were mainly in connection with:

- verification, information and advice;
- unfair practices;
- fraud, forgery and misappropriation;
- collaboration;
- service;
- other (remuneration, advertising, conflict of interest, etc.).

Related activities

The Syndic team takes part in the **OACIQ**'s various working groups. It also helps disseminate the rules and best practices of the profession by taking part in education activities and conferences.



RÉJEAN LEBEL
Chartered Real Estate Broker / AEO
Syndic, **OACIQ**

En 2016

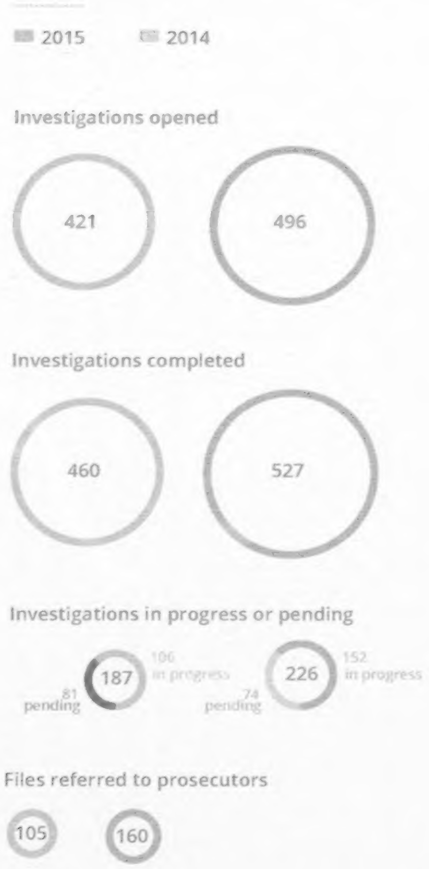
To ensure that these rules are put into practice, we will continue to work together with the Continuing Education Department as part of the Mandatory Continuing Education Program.

In ending, the reduction in investigation times is an achievement of which we are very proud, and we will work to preserve these gains.

I would like to commend the members of the Office of the Syndic team for their work and efforts, and their determination to fulfill our public protection mission.

Réjean LeBel
Syndic, OACIQ

INVESTIGATIONS INVOLVING BROKERS



REPORT FROM THE SYNDIC DECISION REVIEW COMMITTEE

Under the *Real Estate Brokerage Act* (R.S.Q., c. C-73.2), a Syndic Decision Review Committee was formed. The role of this committee is to issue an opinion, upon request by the person who requested the investigation, on the Syndic's decision not to file a complaint before the **OACIQ** Discipline Committee.

In a case where the Syndic decides not to file a complaint once his investigation is complete, he must inform the applicant of the reasons for this decision in his closing notification letter.

A person who applied to the Syndic to investigate a case may, within 30 days following receipt of the Syndic's decision, request an opinion from the Syndic Decision Review Committee.

After reviewing the complete file from the Syndic as well as the applicant's and the Syndic's comments, if applicable, the members of the Review Committee render a decision and issue an opinion.

In this opinion, the Review Committee may conclude that the filing of a complaint before the Discipline Committee is not justified, suggest that the Syndic complete his investigation and render a new decision as to the validity of filing a complaint, or conclude that the filing of a complaint before the Discipline Committee is justified and suggest the appointment of an ad hoc syndic who, after investigating the case, will decide whether or not to file a complaint.

The Committee may also suggest that the Syndic refer the case to the Inspection Committee.

Members of the Committee

The Syndic Decision Review Committee is comprised of a minimum of three and a maximum of nine members, including a Chair, appointed for a three-year term by the **OACIQ** Board of Directors, which also appoints one or more Vice-Chairs.

The year 2015 was marked by the departure of Mrs. Francine Thibeault as member of the Syndic Decision Review Committee. The **OACIQ** Board of Directors accepted her resignation at its meeting on May 12, 2015. We thank her for her generous contribution to the Committee's activities.

Also, on December 11, 2015 the **OACIQ** Board of Directors renewed the term of Mr. Raymond Ayas as member of the Committee as well as Vice-Chair, for a new three-year term.

Me MICHÈLE GAGNON
Chartered Real Estate Broker / AEO
Chair of the Syndic Decision Review Committee

Activities of the Committee

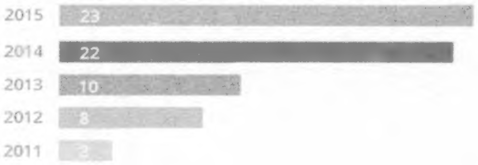
In 2015 the Committee met 17 times and issued 39 opinions in 23 cases. A total of 33 brokers were concerned by requests for opinions.

The Committee issued separate opinions regarding several brokers concerned by the same request as part of the review of three requests for opinion.

For 25 brokers concerned by a request for opinion, the Committee confirmed the Syndic's decision and concluded that a complaint before the Discipline Committee was not justified. In two of these cases, the Committee's opinion to confirm the Syndic's decision was accompanied by a suggestion that the Syndic refer the case to the Inspection Committee. In four cases, the Committee suggested that the Syndic complete the investigation, whereas in four other cases, the Committee concluded that a complaint before the Discipline Committee was justified, and suggested that an ad hoc syndic be appointed to do so. In these last four cases, the Committee also suggested that the Syndic refer the files to the Inspection Committee.

Mᵉ Michèle Gagnon,
Chartered Real Estate Broker / AEO
Chair of the Syndic Decision Review Committee

NUMBER OF CASES HANDLED



NATURE OF THE OPINIONS ISSUED IN 2015

Complaint before the Discipline Committee not justified	25
Suggest that the Syndic complete the investigation	4
Complaint before the Discipline Committee justified and suggest appointment of an ad hoc syndic	4
Suggest that the Syndic refer the case to the Inspection Committee	6
TOTAL	39

MEMBERS OF THE SYNDIC DECISION REVIEW COMMITTEE

Chair

Mᵉ Michèle Gagnon
Chartered Real Estate Broker / AEO

Vice-Chairs

Raymond Ayas
Chartered Real Estate Broker / AEO

Patricia Gaulin
Chartered Real Estate Broker / AEO

Members

Pierre Albert
Real Estate Broker

Éric Bilodeau
Chartered Real Estate Broker / AEO

Andrée Tremblay
Real Estate Broker

REPORT FROM THE DISCIPLINE COMMITTEE

The Discipline Committee reviews all complaints made against **OACIQ** licence holders for violations to the provisions of the *Real Estate Brokerage Act* and its regulations.

The Discipline Committee is constituted pursuant to this Act and is fully autonomous and independent from the Organization's Board of Directors and staff.

The *Real Estate Brokerage Act* allows, among other things, for the appointment of a Chair and several Vice-Chairs. To this effect, on October 20, 2015 Finance Minister Carlos Leitão appointed a new Vice-Chair, M^e^ Jean-François Mallette, to replace M^e^ Patrick Choquette. Thus in addition to the Chair, the Committee is comprised of nine Vice-Chairs and 46 real estate or mortgage brokers.

Complaints are normally reviewed by a division of the Committee consisting of three members, including two brokers and the Chair or a Vice-Chair. The members of the profession who sit on the Committee are selected from a group of real estate or mortgage brokers appointed to the Discipline Committee for a three-year term by the **OACIQ** Board of Directors. The Board also appoints the Committee's Secretary and Assistant Secretaries.

Discipline Committee complaints, hearings and decisions (Tables I and II)

(January 1 to December 31, 2015)

The complaints heard by the Discipline Committee usually relate to serious offences. As at December 31, 2015, the Office of the Syndic had filed 94 complaints with the Discipline Committee.

In 2015, the Committee held 188 hearing days. Of the hearing days scheduled for the year, 41 were postponed and 83 were cancelled. Hearing days are usually cancelled when the defendant pleads guilty whereas several hearing days on guilt had been scheduled, or when the hearing on guilt requires fewer days than scheduled.

During this period, the Committee rendered 161 decisions in the same number of cases, including 56 decisions on penalties following a decision on the defendant's guilt, 87 decisions on penalties following a guilty plea, and seven decisions acquitting the defendant on all counts and rejecting the complaint. The Committee also accepted a request to withdraw the complaint from the Office of the Syndic in seven cases.

The Committee rendered 45 decisions in which the defendant was found guilty.

M^e^ PATRICK DE NIVERVILLE
Chair of the Discipline Committee

Penalties (Tables III and IV)

Under the *Real Estate Brokerage Act*, the Discipline Committee may impose various penalties ranging from a reprimand to a licence suspension or revocation. The Committee may also impose fines of a minimum of $1,000 and a maximum of $12,500 per violation count. Penalties are determined by the Committee based on the seriousness and the circumstances of the offence, with a view to protecting the public.

The Committee issued reprimands on 182 violation counts and imposed fines on 253 counts, for a total sum of $368,300. The payment of costs is generally ordered each time a guilty decision is rendered. In addition, in 25 cases the Committee required the defendant to attend a course or training session, and in 52 cases, conditions or restrictions or other orders such as the obligation to be supervised or to pay money to third parties, were applied. Licence revocations were ordered on 40 violation counts, and licence suspensions on 347 violation counts, with suspension periods ranging from a few days to permanent suspension.

Cases appealed before the Court of Québec or undergoing judicial review before the Superior Court (Table V)

The *Real Estate Brokerage Act* allows for certain decisions by the Committee to be appealed before the Court of Québec. In 2015, 19 Discipline Committee decisions were appealed before the Court of Québec, and seven decisions were rendered by the Court of Québec on appeals of Discipline Committee decisions. In addition, two interlocutory decisions rendered by the committee are currently undergoing judicial review before the Superior Court.

TABLE I — NUMBER OF CASES IN PROGRESS

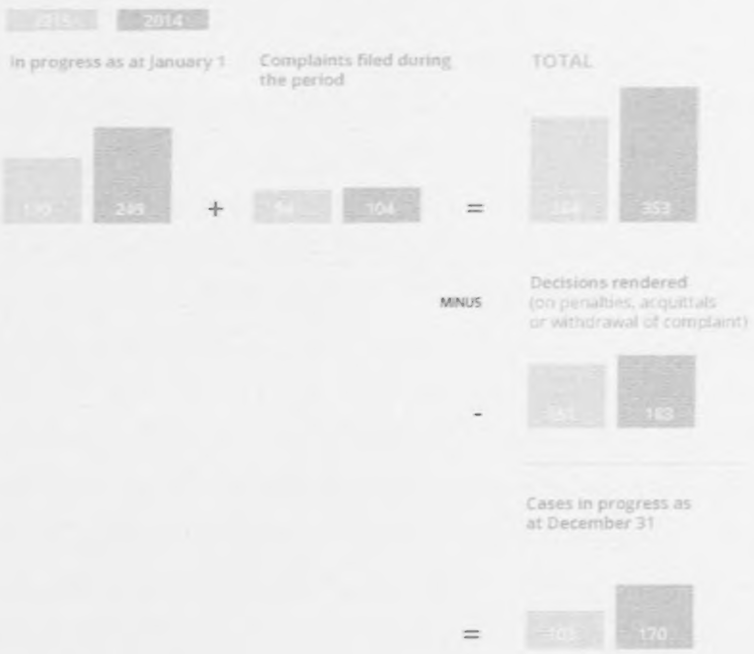


TABLE II — HEARINGS – POSTPONEMENTS – DECISIONS

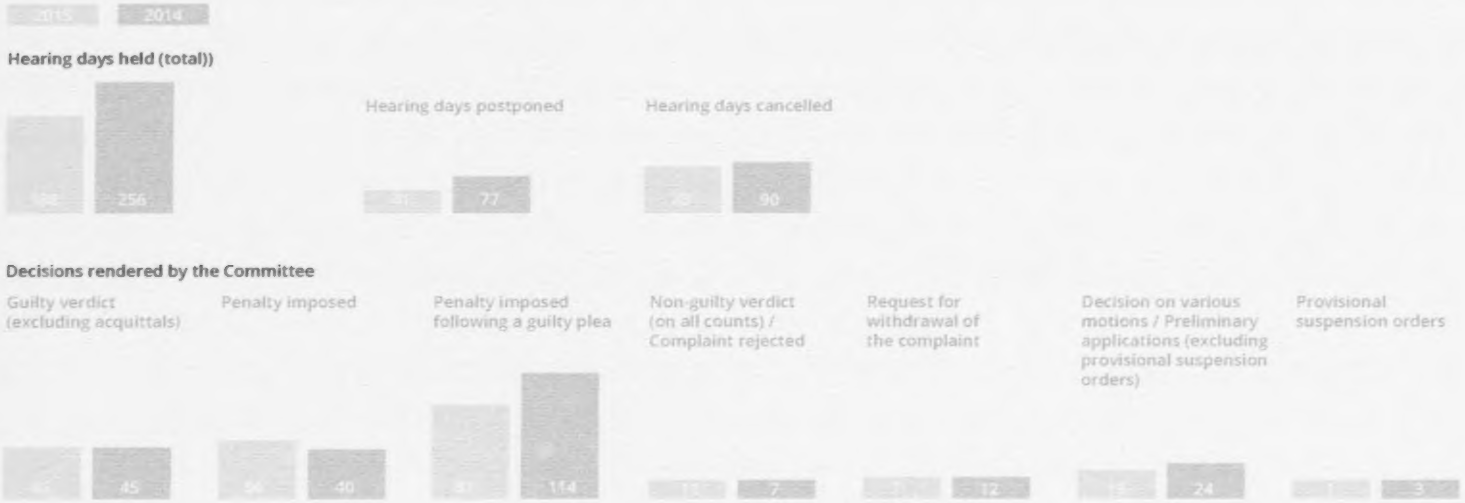
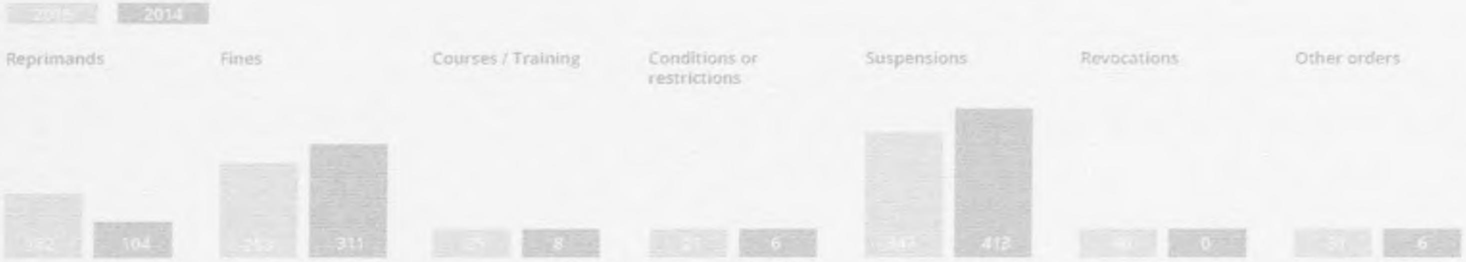


TABLE III — PENALTIES ORDERED BY THE COMMITTEE*



---

* *Penalties imposed by the Discipline Committee for 2015 are calculated per violation count.*

TABLE IV — FINES

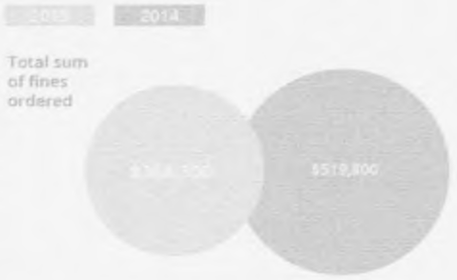
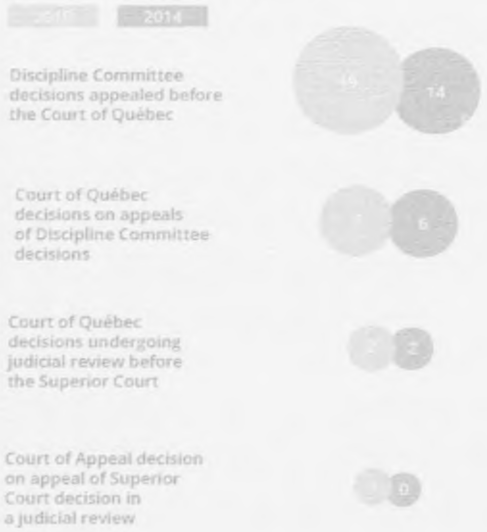


TABLE V — CASES APPEALED BEFORE THE COURT OF QUÉBEC OR UNDERGOING JUDICIAL REVIEW BEFORE THE SUPERIOR COURT



Basis of charges

The complaints brought before the Discipline Committee may relate to violations under the *Real Estate Brokerage Act* and the regulations governing its application. It should be noted that a charge may be brought under more than one section of the Act or regulations.

I wish to thank the Registry staff, all the members of the Committee and the Vice-Chairs for their availability and their exemplary contribution to the work of the Discipline Committee.

M^e Patrick de Niverville
Chair of the Discipline Committee

MEMBERS OF THE DISCIPLINE COMMITTEE

AS AT DECEMBER 31, 2015

Chair
Me Patrick de Niverville

Vice-Chairs
Me Luc Audet
Me Avelino De Andrade
Me Armand J. Elbaz
Me Daniel M. Fabien
Me Margueritte M. Leclerc
Me Jean-François Mallette
Me Caroline Malo
Me Jean-Pierre Morin
Me Martine Perreault

Vice-Chair completing his files
Me Claude G. Leduc

Members
Ariens, Imelda
Arzik, Abdel
Barrette, Renée
Belley, Louise
Berkers, Petrus
Bolduc, Danielle
Brosseau, Sacha
Bureau, Denis
Cholette, Ginette
Ciocca, Salvatore
Corbeil, Jean-Marc
Côté, Mélissa
D'Aoust, Robert
Descoteaux, Marcel
Dufresne, Yvan
Dufresne, Yves
Dupras, Marie-Andrée
Fecteau, Luce
Forlini, Nancy
Gagnon, Normand
Gauthier, Stéphanie
Giroux Laveau, Lana
Goulet, Christian
Guertin, Jean
Guilbert, Marie-Josée
Hardacker, Lois
Havard Grisé, Suzanne
Lamirande, Mario
Langelier, Michèle
Lavieville, Clara
Léger, Éric
Lemaire, Frantz
Leroux, Robert
Liboiron, Michel
Marchand, Denyse
Merrien, Thierry
Morrow, René
Paquin, Michel
Racine, Normand
Roy, Louise
Ruiz, Carlos
Stathakis, Georgios
Thibault, Renaud
Thibault, Sylvain
Vidal, Anouk
Villiet, François

REPORT FROM THE INSPECTION COMMITTEE

The Inspection Committee oversees broker and agency activities using a prevention-based approach. This approach used by the Committee guides all of the activities and operations conducted by the Inspection Department.

The **OACIQ** Inspection Department is a true ally for brokers and agencies, valuing their work and promoting the profession. It favours an educational and preventive approach involving training and information.

Residential and commercial real estate brokerage and mortgage brokerage

In 2015 inspectors visited 279 agencies and brokers acting on their own account, including:

- 208 in residential real estate brokerage;
- 56 in commercial real estate brokerage;
- 10 in mortgage brokerage;
- 5 who had not engaged in brokerage activities.

Skills-based verification

Inspection of broker skills continued in 2015, with the brokerage contract and transaction records of a total of 1,351 brokers being the subject of a skills-based verification.

Remote inspections are here to stay

The Inspection Department conducted 852 of its 1,351 skills-based inspection remotely in 2015. This type of inspection allows inspectors to analyze brokerage contract and transaction records without having to go onsite, which makes for significant savings.

MARC-ANDRÉ PILON
Chair of the Inspection Committee

The electronic document management challenge

Electronic document management can sometimes pose a challenge when it comes to the digitization of documents that must be kept in a record. The Inspection Department, with the assistance of the Document Management Department, developed a digitization guide to help agency executive officers implement a procedure for their brokers and a quality control system for digitized documents. This guide is systematically handed out at each inspection.

Inspection Committee recommendations

The Inspection Committee can make any recommendation it deems appropriate. In addition, if the Committee notes a violation to the *Real Estate Brokerage Act* or the regulations thereunder, it notifies the Syndic.

This year the Committee asked for 122 commitments, 70 of which included attending one or more training activities. Most brokers who were imposed a training session had to attend the continuing education activity *Record documentation*.

Other recommendations issued by the Committee to certain brokers or agency executive officers by the Committee following inspections pertained mainly to three recurring problems:

- priors of non-disclosure of remuneration agreements for referral to a mortgage lender;
- failure to send the agency the documents required for record-keeping;
- claiming remuneration on one's own purchase of an immovable or enterprise.

In 2015, 71 files were submitted to the Inspection Committee, seven of which were referred to the Syndic for further investigation, including two for illegal brokerage.

Online self-inspection

In 2015, 1,431 short-form questionnaires and 264 long-form questionnaires were sent and completed by licence holders.

The year 2015 was especially marked by the work completed to revamp the self-inspection questionnaire. Going forward, a single version for all will be forwarded in early 2016 for brokerage transactions carried out between January 1 and December 31, 2015. With the new questionnaire, agencies and brokers acting on their own account will enjoy an interactive – and therefore more complete – experience thanks to the informative windows it contains.

Start-up sessions

Start-up sessions serve as initial inspections. A total of 67 agency executive officers and brokers acting on their own account attended these sessions in 2015.

Related activities

The Inspection team also participates in various OACIQ working groups. In addition, it collaborates with the Continuing Education Department to help develop new training activities and monitor accredited trainings offered under the Mandatory Continuing Education Program.

Satisfaction survey of executive officers and brokers acting on their own account

In order to ensure the quality of the services it offers to agencies and brokers who have undergone an inspection, the Inspection Committee sends them an appreciation questionnaire. The responses contained in the 94 returned questionnaires were very positive again this year, confirming that the principle of assistance and prevention championed by the Committee is favourably perceived by agencies and brokers.

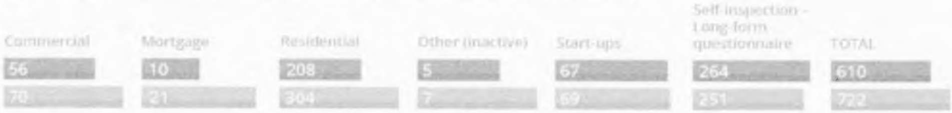
On behalf of the members of the Committee, I would like to thank the entire Inspection Department staff for their cooperation.

Marc-André Pilon
Chair of the Inspection Committee

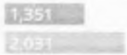
2015 STATISTICS

2015 2014

INSPECTIONS OF AGENCIES AND BROKERS ACTING ON THEIR OWN ACCOUNT

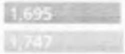


Reports to brokers, skills-based



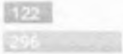
SELF-INSPECTION OF AGENCIES AND BROKERS ACTING ON THEIR OWN ACCOUNT – ONLINE

(Long-form and short-form questionnaires)



COMMITMENTS ORDERED BY THE INSPECTION COMMITTEE AND DEPARTMENT

Attend an education session or comply with various regulatory obligations



MEMBERS OF THE INSPECTION COMMITTEE

The members of the Inspection Committee for 2015 were:

Chair
Marc-André Pilon

Vice-Chair
Gilles Bouillon

Members
Laurent N. Benarrous
Diane Bourbonnière
Nathalie Clément
Hugo Leroux

REPORT FROM THE LICENCE ISSUE AND MAINTENANCE COMMITTEE

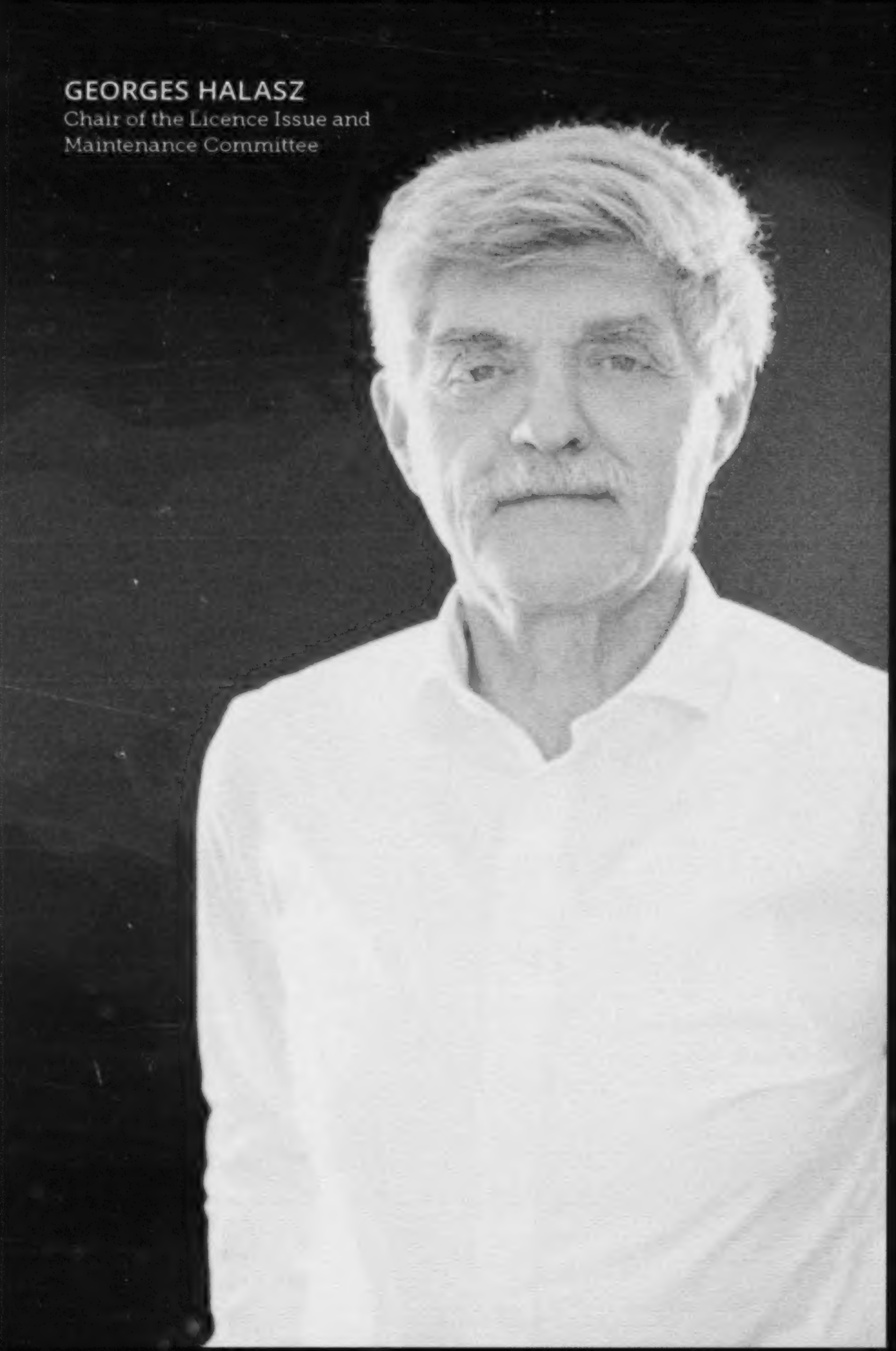
The mission of the Licence Issue and Maintenance Committee is to make decisions regarding licence issue or maintenance where an applicant or a licence holder has had his licence revoked, suspended or made subject to restrictions or conditions by the **OACIQ** Discipline Committee or by another body overseeing real estate brokerage, is the subject of a receiving order, property assignment, institution of protective supervision (guardianship, curatorship or advisership) or a disciplinary, penal or criminal conviction having a link with the activity of real estate broker or agency.

Depending on circumstances and in order to ensure public protection, the Committee may refuse to issue a licence to an applicant, or issue it with restrictions or conditions. The Committee may also take measures against a licence holder, including suspending or revoking a licence, or imposing restrictions or conditions thereon.

The Committee may also issue an opinion on the decision it could render if a person or company were to apply for a broker or agency licence, this before steps are taken regarding such an application.

Members of the Committee

The Licence Issue and Maintenance Committee is comprised of a minimum of three and a maximum of nine members, including a Chair, appointed for a three-year term by the **OACIQ** Board of Directors, which also appoints one or more Vice-Chairs.



GEORGES HALASZ
Chair of the Licence Issue and Maintenance Committee

> **"IN 2015 THE MANDATORY UPDATING OF INFORMATION AS PART OF THE LICENCE MAINTENANCE PROCESS GENERATED A LARGE NUMBER OF BROKER FILES BEING REVIEWED BY THE COMMITTEE."**

Activities of the Licence Issue and Maintenance Committee

From January 1 to December 31, 2015
In 2015 the Committee processed 147 cases over the course of 17 sessions. The Committee reviewed the cases of 36 individuals applying for a real estate or mortgage brokerage licence, the cases of 99 licence holders, and 12 applications for advance decisions. These cases involved the following situations: 48 penal offences or criminal acts and 99 assignments of property. Following are the details.

Applications for issuance

The Committee reviewed 36 applications for issuance of a real estate or mortgage brokerage licence. Of these, the Committee established the existence of a link between 15 criminal, penal or disciplinary convictions and the activity of broker or agency. In one case, the Committee decided that the appropriate action was to refuse to issue the licence, and in the other cases, that the licence could be issued despite the existence of a link. In 10 cases no link was found and the licence was approved. The Committee also examined cases of assignment of property. In eight of these cases, the licence was issued. In one case the Committee refused to issue the licence, and in two more cases, it opted to issue the licence with conditions or restrictions.

Broker files

The Committee also reviewed the files of 99 brokers. In 2015 the mandatory updating of information as part of the licence maintenance process generated a large number of broker files being reviewed by the Committee. The issue in 83 of these files regarded assignment of property. In 65 cases the Committee decided that the licence could be maintained without conditions or restrictions, and in the other 18, that the licence could be maintained with conditions or restrictions.

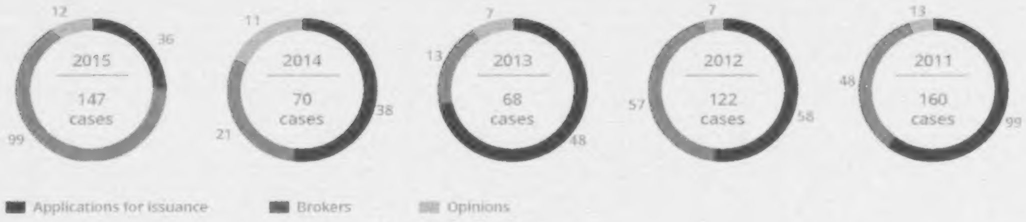
In the other 16 cases, the situations related to criminal, ethical or penal offences. The Committee noted the absence of a link between the offences and the practice of broker or agency in three cases; it determined that a link existed in 12 cases, but did not suspend the licence or impose conditions or restrictions. The Committee suspended its decision in one case.

Finally, the Committee issued an opinion on 12 applications for advance decisions. In eight of these cases, the Committee determined that the licence could be issued. In the other four cases, the Committee felt that the appropriate measure under the circumstances was to issue the licence with conditions or restrictions.

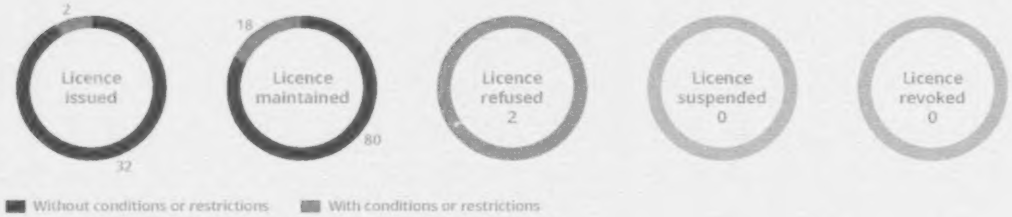
Georges Halasz,
Chartered Real Estate Broker / AEO

Chair of the Licence Issue and Maintenance Committee

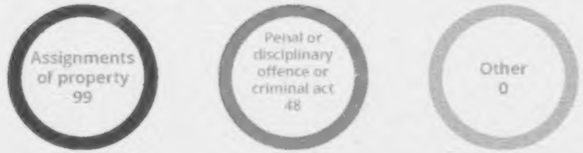
CASES REVIEWED



DECISIONS RENDERED BY THE COMMITTEE IN 2015 (these figures do not include requests for opinion)



CIRCUMSTANCES REVIEWED BY THE COMMITTEE IN 2015



MEMBERS OF THE LICENCE ISSUE AND MAINTENANCE COMMITTEE

Chair
Georges Halasz
Chartered Real Estate Broker / AEO

Vice-Chair
Paul Huard
Chartered Real Estate Broker / AEO

Members
Bertrand Côté
Real Estate Broker

Jean-Luc Pulinckx
Real Estate Broker

Johanne Vincent
Chartered Real Estate Broker / AEO

Jean-Guy Savoie
Chartered Real Estate Broker / AEO

REPORT FROM THE INDEMNITY COMMITTEE

Managed by the **OACIQ**, the Indemnity Fund is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a real estate or mortgage broker or agency is responsible. The Indemnity Committee, created within the Organization, rules on the eligibility of claims submitted against a broker or an agency and decides on the amount of compensation to be paid to the victim.

The maximum indemnity payable by the Committee for each brokerage transaction concerned by a claim is $35,000 for acts committed as of May 1, 2010, and $15,000 for acts committed before that date.

Members of the Committee

The Indemnity Committee is comprised of a minimum of three and a maximum of nine members, including a Chair, appointed for a three-year term by the **OACIQ** Board of Directors, which also appoints one or more Vice-Chairs.

The Committee is currently comprised of four real estate brokers and three members of the public.

M^{e} NADA NAJM
Chair of the Indemnity Committee

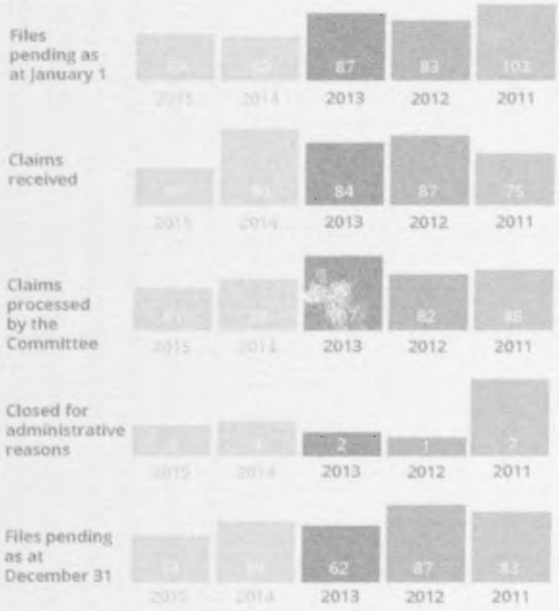
Activities of the Committee

As at January 1, 2015, 69 cases were pending. The Indemnity Committee met 10 times in 2015, processing and rendering decisions on 61 claims. There was a marked increase in the number of claims approved this year compared with previous years. The Committee approved 23 claims, for which a total of $264,977.72 was paid in compensation, compared with the five claims approved in 2014 for a total of $114,242.78. The committee rejected 38 claims. This means that in 2015 the Committee approved 37% of the claims processed, compared with 6% in 2014. Another three files were closed for administrative reasons. During the period, 44 new files were opened and five were reopened following a request for review.

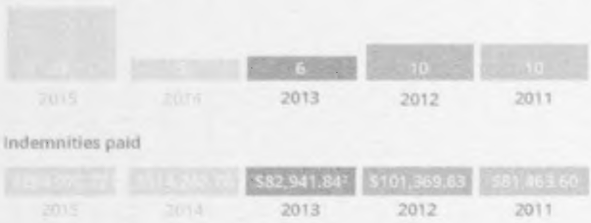
As at December 31, 2015, 54 files were under review.

Mᵉ Nada Najm
Chair of the Indemnity Committee

FILES



INDEMNITIES



---

[1] This figure includes new files and files reopened following a request for review.

[2] Since 2013, this table includes indemnities to be paid in the course of the year, even if a portion of these indemnities will in fact be paid in the following year.

MEMBERS OF THE INDEMNITY COMMITTEE

Chair
Mᵉ Nada Najm

Vice-Chair
Jean-Robert Benoit
Chartered Real Estate Broker /CEO

Members
Anne Beaumier
Chartered Real Estate Broker /CEO

Normand Déry
Real Estate Broker

Aline Duplessis

Marcel Le Houillier

Julie Villeneuve
Chartered Real Estate Broker /CEO

REPORT FROM THE TREASURER

The general operating fund ended the year 2015 with a deficit of $646,492, compared with a surplus of $661,813 in 2014. The difference can be explained among other things by a drop in revenues from continuing education and from the expense incurred by staff movements in the course of the year. The net assets in the general operating fund total $4.6 million, including an unallocated portion of $2.6 million.

Revenues

Fees and memberships generated $16.8 million in 2015, compared with $16.9 million in 2014, representing a slight decrease of 0.6 %. The **OACIQ** is facing new challenges in terms of broker retention. Since 2011, new brokers have been fewer than those leaving the profession, and 2015 was no exception.

In the area of training, the new program requiring the accumulation of a minimum number of continuing education units (CEUs) over a period of two years has now been implemented and will reach its cruising speed in 2016, while enabling all concerned to improve and increase their skills.

Discipline, the Syndic and illegal brokerage also contributed to revenues, but these budget items can vary considerably from year to year depending on circumstances and decisions.

Expenses

Payroll increased by 2.3% over the course of the year, to a total of $13.8 million, including payroll taxes.

The **OACIQ**'s offices occupy an area of a little over 60,000 square feet for an annual rent of $1.8 million, in order to meet the Organization's specific needs for administrative space, classrooms, examination rooms, meeting rooms and disciplinary hearing rooms.

The five-year revision of the *Real Estate Brokerage Act* and the fight against illegal brokerage required additional investments in terms of consultation fees and administrative meetings, resulting in travel expenses and attendance fees.

In order to reduce operating expenses, we reduced our advertising investment by 63% in 2015, down to $378,609.

ROGER DORÉ
Chair of the Audit
and Finance Committee

Finally, the use of credit/debit cards for the payment of fees and memberships resulted in expenses of about $400,000. New suppliers are currently being explored and negotiations are in progress in an effort to reduce these costs.

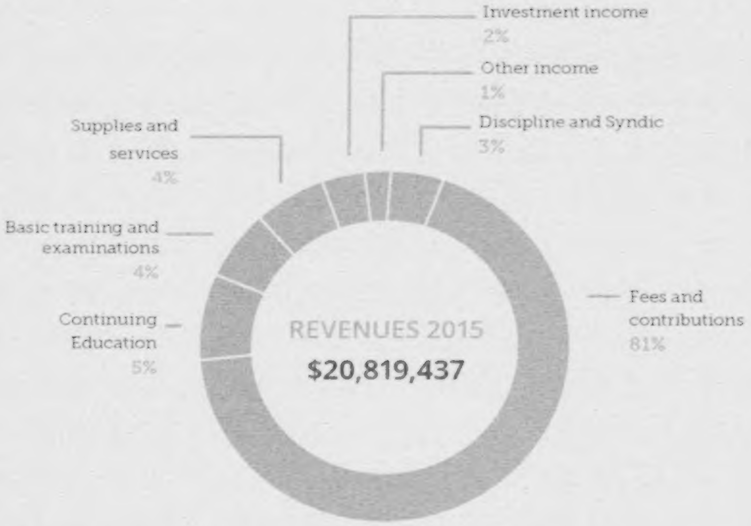
Indemnity Fund

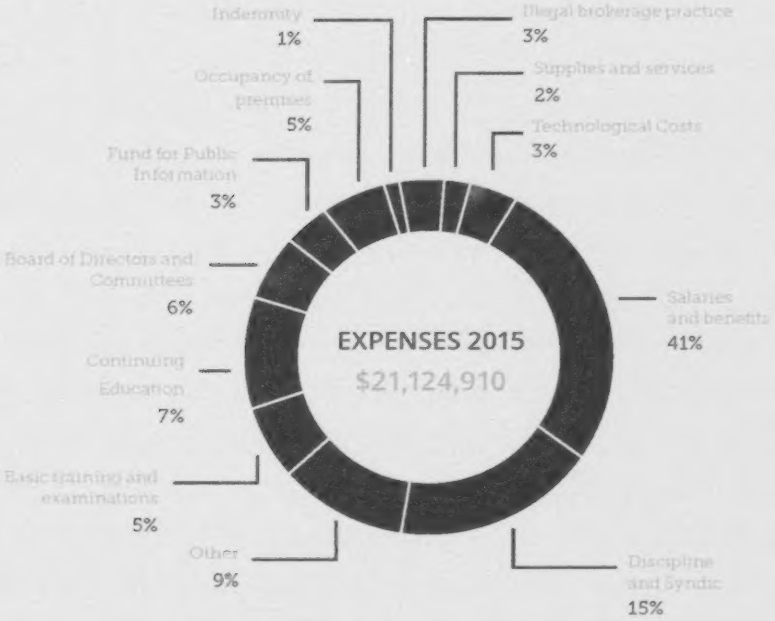
The Indemnity Fund ended the period with a surplus of $341,019, raising its net assets to over $5 million.

2016

Since fees and memberships are the Organization's main revenue source, the yearly decrease in the number of licence holders is a source of concern. The joint Audit, Finance and Human Resources Committee has been mandated by the **OACIQ** Board of Directors to analyze broker demographics and retention over the next five years, from 2016 to 2020. This is a comprehensive exercise that will allow us to determine the actual number of brokers who will be contributing to the Organization's revenues. From there we can derive various working scenarios regarding potential revenue sources or ways in which we can adapt.

Roger Doré
Chair of the Audit and Finance Committee





MEMBERS OF THE AUDIT AND FINANCE COMMITTEE

The following persons were members of this committee as at December 31, 2015:

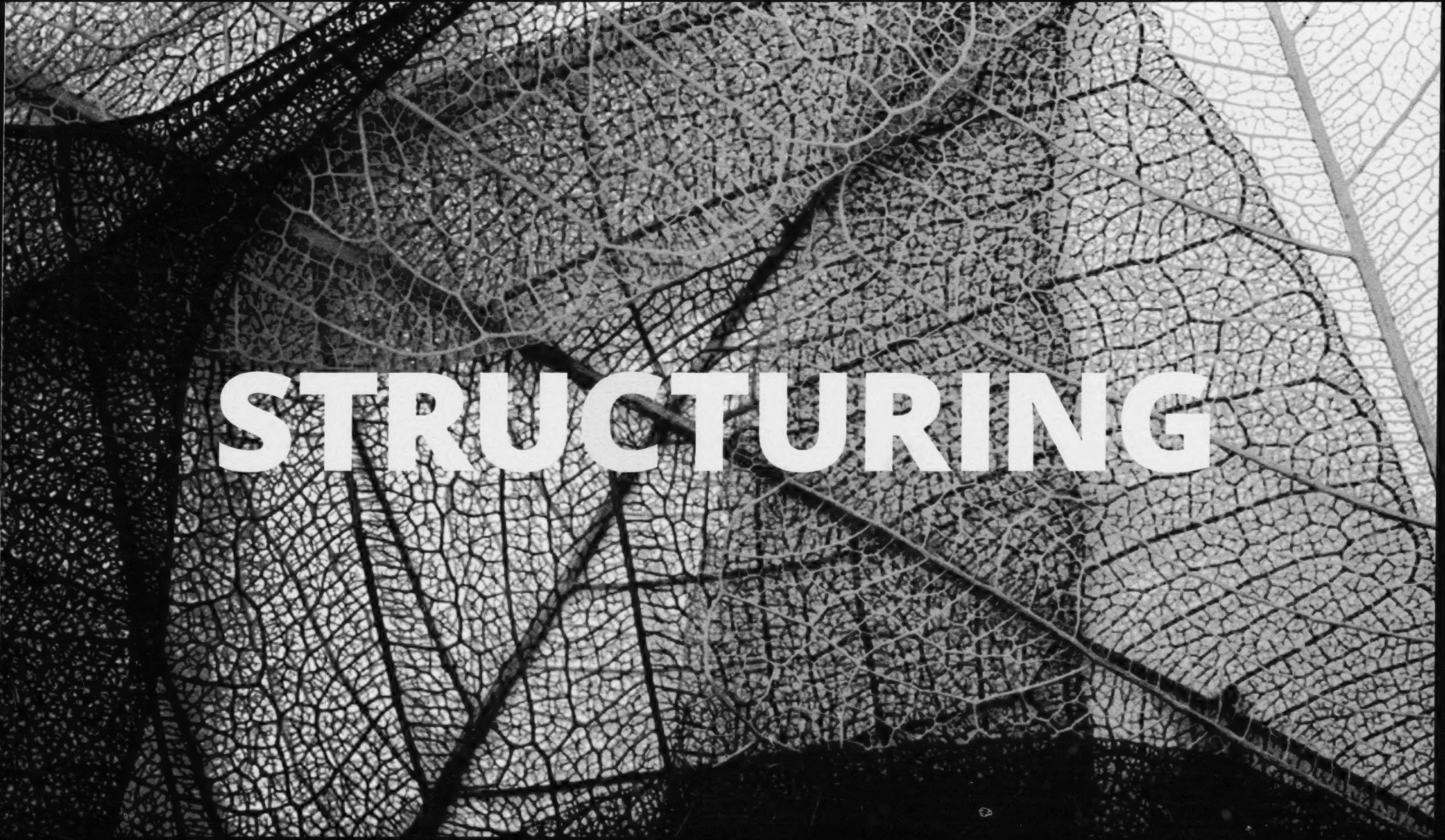
Chair

Roger Dore

Members

Serge Brousseau
Pierre Carrier
Mario Chouinard
Richard Dion
Daniel Pelchat
Claudie Tremblay

STRUCTURING



INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte LLP
4605-A, Lapinière Blvd.
Suite 200
Brossard QC J4Z 3T5
Tel.: 450 618-4270 • Fax.: 450 618-6420
www.deloitte.ca

TO THE LICENCE HOLDERS OF THE ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

We have audited the financial statements of the Organisme d'autoréglementation du courtage immobilier du Québec (**OACIQ**), which comprise the statement of financial position as at December 31, 2015, the statements of income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **OACIQ** as at December 31, 2015, and the results of its activities and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP[1]

March 18, 2016

---

[1] CPA auditor, CA, public accountancy permit No. A1082633

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of income · Year ended December 31, 2015

	General Operating Fund	Indemnity Fund	TOTAL 2015	General Operating Fund	Indemnity Fund	TOTAL 2014
	$	$	$	$	$	$
REVENUE						
Fees and memberships	15,830,374	952,392	16,782,766	15,936,675	961,231	16,897,906
Continuing education - Appendix	943,801	-	943,801	2,740,923	-	2,740,923
Basic training and examinations - Appendix	883,945	-	883,945	911,643	-	911,643
Discipline and syndic - Appendix	620,082	-	620,082	582,437	-	582,437
Forms - Appendix	916,635	-	916,635	948,843	-	948,843
Illegal brokerage practices - Appendix	62,061	-	62,061	164,286	-	164,286
Investment income (Note 14)	74,206	146,875	221,081	110,604	285,909	396,513
Interest on income held in trust accounts (Note 11)	6,897	-	6,897	10,617	-	10,617
Limited partnership, net income share (Note 7)	136,056	-	136,056	284,793	-	284,793
Other	206,771	39,342	246,113	270,408	60,544	330,952
	19,680,828	1,138,609	20,819,437	21,961,229	1,307,684	23,268,913

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of income · Year ended December 31, 2015 (continued)

	General Operating Fund	**Indemnity Fund**	**TOTAL 2015**	General Operating Fund	Indemnity Fund	TOTAL 2014
	$	**$**	**$**	$	$	$
EXPENSES						
Administration						
Salaries and employee benefits	**8,208,025**	**434,983**	**8,643,008**	8,084,639	353,544	8,438,183
Training and contributions	**205,994**	**4,586**	**210,580**	149,080	5,003	154,083
Professional fees	**270,791**	**49,390**	**320,181**	169,527	62,667	232,194
Board of Directors and committees	**1,224,956**	**28,382**	**1,253,338**	970,362	34,957	1,005,319
Meetings and travel	**645,238**	**-**	**645,238**	645,153	-	645,153
Office expenses	**392,989**	**20,622**	**413,611**	407,337	15,787	423,124
Occupancy expenses	**923,278**	**50,172**	**973,450**	921,818	17,266	939,084
Contribution to the Ministère des Finances du Québec	**116,105**	**-**	**116,105**	213,930	-	213,930
Publications and public relations	**89,685**	**-**	**89,685**	106,260	-	106,260
Transaction costs	**416,375**	**47,870**	**464,245**	418,240	34,918	453,158
Elections	**-**	**-**	**-**	35,242	-	35,242
Indemnities	**-**	**161,585**	**161,585**	-	190,692	190,692
Amortization of capital assets (Note 8)	**271,060**	**-**	**271,060**	323,447	-	323,447
Continuing education - Appendix	**1,512,756**	**-**	**1,512,756**	1,438,466	-	1,438,466
Basic training and examination - Appendix	**1,131,428**	**-**	**1,131,428**	1,095,446	-	1,095,446
Discipline and syndic - Appendix	**3,266,096**	**-**	**3,266,096**	3,779,032	-	3,779,032
Forms - Appendix	**454,927**	**-**	**454,927**	544,458	-	544,458
Illegal brokerage practices - Appendix	**649,916**	**-**	**649,916**	810,129	-	810,129
Fund for public information (Note 11)	**547,701**	**-**	**547,701**	1,186,850	-	1,186,850
	20,327,320	**797,590**	**21,124,910**	21,299,416	714,834	22,014,250
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	**(646,492)**	**341,019**	**(305,473)**	661,813	592,850	1,254,663

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of changes in net assets · Year ended December 31, 2015

	General Operating Fund				
	Invested in capital assets	Internally restricted	Unrestricted	Indemnity Fund	TOTAL
	$	$	$	$	$
Balance as at December 31, 2013	2,593,927	-	2,031,809	4,097,956	8,723,692
Excess (deficiency) of revenue over expenses	(532,709)*	(1,176,233)	2,370,755	592,850	1,254,663
Investment in capital assets	187,119	-	(187,119)	-	-
Internally restricted (Note 11)	-	1,176,233	(1,176,233)	-	-
Balance as at December 31, 2014	2,248,337	-	3,039,212	4,690,806	9,978,355
Excess (deficiency) of revenue over expenses	**(431,506)***	**(540,804)**	**325,818**	**341,019**	**(305,473)**
Investment in capital assets	**202,257****	**-**	**(202,257)**	**-**	**-**
Internally restricted (Note 11)	**-**	**540,804**	**(540,804)**	**-**	**-**
BALANCE AS AT DECEMBER 31, 2015	**2,019,088**	**-**	**2,621,969**	**5,031,825**	**9,672,882**

* Represents the amortization of capital assets of $637,184 ($735,547 in 2014), net of the lease inducement amortization of $207,100 ($204,087 in 2014) for leasehold improvements, plus loss on write-off and on disposal of capital assets of $1,422 ($1,249 in 2014).

** Represents the investment in capital assets of $310,157 ($187,119 in 2014), net of the increase of the deferred lease inducement amortization of $107,900 (none in 2014).

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of financial position · As at December 31, 2015

	General Operating Fund	Indemnity Fund	TOTAL 2015	General Operating Fund	Indemnity Fund	TOTAL 2014
	$	$	$	$	$	$
ASSETS						
Current assets						
Cash	2,581,202	201,855	2,783,057	2,254,423	136,021	2,390,444
Investments (Note 3)	3,303,276	5,514,393	8,817,669	3,235,835	5,370,405	8,606,240
Accrued interest receivable	14,421	8,657	23,078	5,026	11,485	16,511
Accounts receivable (Note 4)	481,969	-	481,969	477,662	-	477,662
Advance to the Indemnity Fund (Note 5)	4,461*	-	-	18,441*	-	-
Forms inventory (Note 6)	143,329	-	143,329	237,816	-	237,816
Prepaid expenses	243,083	-	243,083	216,920	-	216,920
	6,771,741	5,724,905	12,492,185	6,446,123	5,517,911	11,945,593
Interest in a limited partnership (Note 7)	4,079,728	-	4,079,728	3,943,672	-	3,943,672
Capital assets (Note 8)	5,083,236	-	5,083,236	5,411,685	-	5,411,685
	15,934,705	5,724,905	21,655,149	15,801,480	5,517,911	21,300,950
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities (Note 9)	2,644,625	38,008	2,682,633	2,321,820	51,835	2,373,655
Advance from the General Operating Fund (Note 5)	-	4,461*	-	-	18,441*	-
Provision for claims (Note 10)	-	334,029	334,029	-	437,421	437,421
Deferred revenue	5,584,875	316,582	5,901,457	5,028,763	319,408	5,348,171
	8,229,500	693,080	8,918,119	7,350,583	827,105	8,159,247
Deferred lease inducement, at net book value	3,064,148	-	3,064,148	3,163,348	-	3,163,348
	11,293,648	693,080	11,982,267	10,513,931	827,105	11,322,595
Commitments and contingencies (Notes 12 and 13)						
Net assets						
Invested in capital assets	2,019,088	-	2,019,088	2,248,337	-	2,248,337
Unrestricted	2,621,969	-	2,621,969	3,039,212	-	3,039,212
Indemnity Fund	-	5,031,825	5,031,825	-	4,690,806	4,690,806
	4,641,057	5,031,825	9,672,882	5,287,549	4,690,806	9,978,355
	15,934,705	5,724,905	21,655,149	15,801,480	5,517,911	21,300,950

Approved by the Board

Serge Brousseau
Chairman of the Board of Directos

Roger Doré
Treasurer

---

* These amounts are not included in the "Total" column as they cancel each other out.

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of cash flows · Year ended December 31, 2015

	General Operating Fund	**Indemnity Fund**	**TOTAL 2015**	General Operating Fund	Indemnity Fund	TOTAL 2014
	$	**$**	**$**	$	$	$
OPERATING ACTIVITIES						
(Deficiency) excess of revenue over expenses	**(646,492)**	**341,019**	**(305,473)**	661,813	592,850	1,254,663
Items not affecting cash:						
Realized and unrealized loss (gain) on investments (Note 14)	**56,295**	**(51,341)**	**4,954**	41,139	(204,603)	(163,464)
Limited partnership net income share	**(136,056)**	**-**	**(136,056)**	(284,793)	-	(284,793)
Amortization of capital assets (Note 8)	**637,184**	**-**	**637,184**	735,547	-	735,547
Amortization of lease inducements	**(207,100)**	**-**	**(207,100)**	(204,087)	-	(204,087)
Loss on write-off	**1,422**	**-**	**1,422**	1,249	-	1,249
	(294,747)	**289,678**	**(5,069)**	950,868	388,247	1,339,115
Change in non-cash operating working capital items	**947,519**	**(131,197)**	**816,322**	(175,010)	(2,262)	(177,272)
	652,772	**158,481**	**811,253**	775,858	385,985	1,161,843
INVESTING ACTIVITIES						
Repayment of the advance in capital in the limited partnership	**-**	**-**	**-**	150,000	-	150,000
Acquisition of investments	**(28,674,314)**	**(3,003,465)**	**(31,677,779)**	(29,735,622)	(3,457,528)	(33,193,150)
Proceeds on sale of investments	**28,550,578**	**2,910,818**	**31,461,396**	30,079,023	3,014,999	33,094,022
Acquisition of capital assets	**(310,157)**	**-**	**(310,157)**	(187,119)	-	(187,119)
	(433,893)	**(92,647)**	**(526,540)**	306,282	(442,529)	(136,247)
FINANCING ACTIVITIES						
Increase on lease inducement	**107,900**	**-**	**107,900**	-	-	-
Net increase (decrease) in cash	**326,779**	**65,834**	**392,613**	1,082,140	(56,544)	1,025,596
Cash, beginning of year	**2,254,423**	**136,021**	**2,390,444**	1,172,283	192,565	1,364,848
CASH, END OF YEAR	**2,581,202**	**201,855**	**2,783,057**	2,254,423	136,021	2,390,444

ORGANISME D'AUTORÉGLEMENTATION DU COURTAGE IMMOBILIER DU QUÉBEC

Notes to the financial statements · December 31, 2015

1. Description of the Organization

The Organisme d'autoréglementation du courtage immobilier du Québec (the "**OACIQ**"), incorporated under the *Real Estate Brokerage Act* (R.S.Q., c. C-73.2) (the "Act"), has a primary role in protecting the public in real estate and mortgage brokerage dealings by enforcing rules of professional conduct and by inspecting the activities of brokers and agencies, mainly, by ensuring that the professional activities engaged in by brokers and agencies are in compliance with the Act.

It may also provide training courses for brokers and agency executive officers, with the exception of basic training courses, and award the titles referred to in Section 48 of the Act.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the **OACIQ** becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are recognized at fair value at the balance sheet date. The fair value of investments is based on quoted bid prices. Fair value fluctuations, interest earned, accrued interest, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the **OACIQ** recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

2. Accounting policies (continued)

Fund accounting

The General Operating Fund is used for all current operations of the **OACIQ**. Revenue and expenses related to services and administration are presented in the General Operating Fund.

The Financing Fund for public information is included in the General Operating Fund. The detailed information for this Fund is presented in Note 11.

The Real Estate Indemnity Fund is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or an agency is responsible. This fund is established in accordance with Section 108 of the Act. The assets of this Fund are not part of the **OACIQ**'s assets and may not be used to fulfill the **OACIQ**'s obligations.

Revenue recognition

The **OACIQ** follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Forms inventory

The forms inventory held for sale are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the regular course of business less the estimated costs necessary to make the sale. When the net realizable value increase afterwards, the already recorded depreciation is resumed and recorded as a reduction of the amount of forms inventory recorded as expenses in the cost of sale during the year.

Capital assets

Capital assets are recorded at cost and are amortized based on their estimated useful life using the straight-line method over the following terms:

Computer equipment	3 years
Office equipment	4 years
Telephone equipment	7 years
Furniture	10 and 20 years
Leasehold improvements	Term of the lease

They should also be tested for impairment.

Controlled entity

The **OACIQ** holds the right to appoint all members of the board of Professional Liability Insurance Fund (**FARCIQ**). The **FARCIQ**, considered as a separate non-profit entity for accounting purposes, has the mission to provide professional responsibility of real estate brokers of Quebec and the end date of its fiscal year is December 31. The **FARCIQ** is considered a non-profit organization for tax purposes. Since the benefits and advantages of the **FARCIQ** are reserved for members participating in the **FARCIQ**, they are not included in the financial statements of the **OACIQ** but are briefly presented in Note 15.

2. Accounting policies (continued)

Investment in a limited partnership

The **OACIQ** holds an interest of 50% in a limited partnership that owns the building that **OACIQ** uses for its activities.

The **OACIQ** has decided to account for its investment in the limited partnership using the equity method adjusted for depreciation of the rental property calculated using the straight-line method over a period of 40 years.

Under the equity method, the **OACIQ** initially records the investment at cost and then adjusts the carrying value by including the limited partnership's pro rata share of post-acquisition income computed by the consolidation method. The **OACIQ** includes the share of income in determining its net income and increases or decreases the balance of its "Investment" account. Profit distributions received from an investee reduce the carrying value of the investment. The share in balance sheet items is not recognized by the **OACIQ** in the statement of financial position, but is disclosed in Note 7 "Investment in a limited partnership."

The **OACIQ** recognizes an impairment loss, if any, in net income when it determines that a significant adverse change has occurred during the period in the expected timing or amount of the investee's future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net income in the period the reversal occurs.

Deferred revenue

Revenue from annual fees from license holders is charged to the statements of income on a monthly basis over the duration of the broker licences, which is 12 months. In accordance with Section 22 of the *Regulation respecting the issue of broker's and agency licences*, they are not refundable to licence holders and they will be applicable on the income of the next year-end.

Deferred lease inducement

The deferred lease inducement represents the amounts collected from the landlord as lease inducements made up of an allowance for leasehold improvements and free rent. This income is amortized on a straight-line basis over the original term of the lease, which expires in June 2030, i.e., 20 years. Amortization is applied against occupancy expenses in the statements of income.

Income taxes and other taxes

As a not-for-profit organization for income tax purposes, the **OACIQ** is not subject to income taxes.

2. Accounting policies (continued)

Disclosure of allocated expenses

A unique coding system is used for each of the **OACIQ**'s services and activities. The **OACIQ**'s general support expenses and overhead are allocated as follows:

Proportionately on the basis of hours allocated to the activity by human resources:

- Salaries and employee benefits;

Proportionately on the basis of number of employees in the department:

- Amortization of capital assets,
- Insurance,
- Maintenance of equipment,
- Photocopy,
- Stationery,
- Computer supplies,
- Telecommunications;

Proportionately on the basis of square footage occupied by the department:

- Rent,
- Operating costs,
- Electricity,
- Maintenance of premises,
- Amortization of leasehold improvements,
- Amortization of rent allocation;

Proportionately on the basis of user services:

- Shredding,
- Printing,
- Information sources,
- Cellular phone,
- Membership fees,
- Trainings and seminars,
- Attendance fees,
- Travelling expenses,
- Reception,
- Hall rental and equipment,
- Archive,
- Shipping costs,
- Professional fees,
- Advertising,
- Donations and promotions,
- Financial expenses.

The amounts charged to the various activities are presented in the statement of income, the Appendix and Note 11 of the financial statements.

Use of estimates

The preparation of financial statements in conformity with the Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the allowance for doubtful accounts in respect of receivables, the estimated useful life of capital assets, the provision for claims and accrued liabilities. Actual results could differ from these estimates.

3. Investments

General Operating Fund investments consist of bonds, which earn interest from 4.20% to 4.50% (4.50% to 5.00% in 2014), and mature between January 2016 and December 2018.

Indemnity Fund investments consist of bonds, which earn interest from 1.90% to 5.00% (1.90% to 5.00% in 2014), and mature between January 2016 and January 2023.

Investments are short-term because they are redeemable at any time.

4. Accounts receivable

	2015	2014
	$	$
General Operating Fund		
Trade	**763,856**	751,947
Allowance for doubtful accounts	**(347,700)**	(361,275)
	416,156	390,672
Sales taxes	**65,813**	86,990
	481,969	477,662

5. Interfund advance

The advance from the General Operating Fund to the Indemnity Fund represents a refund of expenses paid by the General Operating Fund for the Indemnity Fund activities. Interfund advance is non-interest-bearing.

6. Forms inventory

The cost of forms inventory sold, which is recognized as an expense during the year, amounts to $254,441 ($219,737 in 2014)..

7. Investment in a limited partnership

The **OACIQ**'s share in the limited partnership's net assets as at December 31, 2015 is as follows:

	2015	2014
	$	$
Balance sheet		
Assets		
Rental property, at cost	**10,478,366**	10,478,366
Other assets	**2,111,854**	1,926,566
	12,590,220	12,404,932
Liabilities		
Bank loans	**9,205,674**	9,457,121
Other liabilities	**483,149**	483,822
	9,688,823	9,940,943
Net equity	**2,901,397**	2,463,989
	12,590,220	12,404,932

The **OACIQ**'s share in the limited partnership's net income for the period from January 1 to December 31, 2015 is as follows:

	2015	2014
Statement of income		
Revenue	**1,496,962**	1,671,152
Expenses	**1,059,555**	1,085,008
Income before amortization	**437,407**	586,144
Amortization	**(301,351)**	(301,351)
Share in net income of the limited partnership	**136,056**	284,793

The **OACIQ**'s share in the limited partnership's cash flows for the period from January 1 to December 31, 2015 is as follows:

	2015	2014
Cash flows		
Operating activities	**456,397**	949,839
Investing activities	**(90,826)**	(420,349)
Financing activities	**(269,986)**	(408,945)
	95,585	120,545

The financial statements of the limited partnership are prepared in accordance with Canadian accounting standards for private enterprises. There are no material differences resulting from the application of different accounting standards between the limited partnership and the **OACIQ**, except for the fact that the limited partnership did not recognize any amortization expense.

There were no transactions between these two parties except for the payment of the $1,868,162 lease and related costs in 2015 ($1,738,439 in 2014) and no amount is included in the accounts payable ($522 in 2014). Related party transactions occurred in the normal course of operations and were measured at the exchange amount.

The total value of the investment in a limited partnership as at December 31, 2015 is as follows:

	2015	2014
	$	$
Balance, beginning of year	**3,943,672**	3,808,879
Repayment of capital	**-**	(150,000)
Share in net income after amortization	**136,056**	284,793
Balance, end of year	**4,079,728**	3,943,672

8. Capital assets

	2015			2014
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	$	$	$
General Operating Fund				
Computer equipment	**1,672,105**	**1,427,996**	**244,109**	289,036
Office equipment	**483,363**	**430,741**	**52,622**	35,093
Telephone equipment	**326,682**	**230,069**	**96,613**	143,029
Furniture	**2,021,722**	**854,550**	**1,167,172**	1,308,142
Leasehold improvements	**4,764,477**	**1,241,757**	**3,522,720**	3,636,385
	9,268,349	**4,185,113**	**5,083,236**	5,411,685

Amortization of capital assets for the year ended December 31, 2015 amounts to $637,184 ($735,547 in 2014), of which $271,060 ($323,447 in 2014) is distinctly presented in the statement of income of the General Operating Fund. The remaining balance is allocated to the cost centers of the General Operating Fund.

9. Accounts payable and accrued liabilities

	2015		
	General Operating Fund	**Indemnity Fund**	**TOTAL**
	$	**$**	**$**
Accounts payable	**198,560**	**-**	**198,560**
Accrued liabilities	**116,878**	**38,008**	**154,886**
Salaries and vacations payable	**1,708,916**	**-**	**1,708,916**
Government remittances payable	**620,271**	**-**	**620,271**
	2,644,625	**38,008**	**2,682,633**

	2014		
	General Operating Fund	Indemnity Fund	Total
	$	$	$
Accounts payable	228,714	-	228,714
Accrued liabilities	198,796	51,835	250,631
Salaries and vacations payable	1,484,521	-	1,484,521
Government remittances payable	409,789	-	409,789
	2,321,820	51,835	2,373,655

10. Provision for claims

Upon receipt of a claim duly sworn, the Indemnity Fund's policy is to recognize a provision of 25% of the amount claimed. Since May 1, 2010, the maximum compensation payable from the Fund is $35,000, whereas before, the amount was $15,000. This provision is maintained until the final decision of the Indemnity Committee.

11. Financing Fund for public information

The Financing Fund of the Organisme d'autoréglementation du courtage immobilier du Québec was established in accordance with the Law. The Fund is made up of interest earned on the money held in trust accounts by brokers under the Law. The Fund must be used in particular to produce and disseminate information on the public's rights in real estate brokerage and to promote the quality of services provided by brokers and agencies. The Fund is included in the General Operating Fund.

Interest income paid to the Fund and Fund-related expenses, which are included in the revenue and expenses of the **OACIQ**'s General Operating Fund, are as follows:

	2015	2014
	$	$
Interest on income held in trust accounts	**6,897**	10,617
Publicity	**378,609**	1,013,670
Salaries and employee benefits	**138,838**	125,104
Professional fees	**18,628**	25,954
Office expenses	**120**	4,530
Travel	**2,328**	8,500
Bank charges	**9,178**	9,092
	547,701	1,186,850
Net loss of Financing Fund for public information before Restricted Fund	**(540,804)**	(1,176,233)
Internally Restricted Fund	**540,804**	1,176,233
	-	-

The **OACIQ** agreed to transfer from the Unrestricted General Operating Fund an amount of $540,804 ($1,176,233 in 2014) to the Internally Restricted Fund to cover the excess of expenses over revenue of the Financing Fund for public information.

12. Engagements

The **OACIQ** is committed for the rental of office spaces from the limited partnership owning the building in which the **OACIQ** operates its activities under a lease that expires in July 2030. In addition, the **OACIQ** contracted various engagements, particularly under the lease of car vehicles, expiring between February 2016 and November 2018. Minimum future rent payments aggregate $29,284,929 and include the following amounts over the next five years:

	$
2016	1,922,228
2017	1,906,693
2018	1,886,545
2019	1,858,032
2020	1,912,968

13. Contingencies

In the normal course of business, the **OACIQ** is involved in various claims. Though the outcome of these various pending claims as at December 31, 2015 cannot be determined with certainty, the **OACIQ** believes that their outcome will have no significant adverse effect on its financial position, operating results or cash flows.

14. Investment income

	2015			2014		
	General Operating Fund	**Indemnity Fund**	**TOTAL**	General Operating Fund	Indemnity Fund	TOTAL
	$	**$**	**$**	$	$	$
Interest revenues	**130,501**	**95,534**	**226,035**	151,743	81,306	233,049
Realized gain (loss) on investments	**(33,760)**	**(106,545)**	**(140,305)**	2,908	62,960	65,868
Unrealized gain (loss) on investments	**(22,535)**	**157,886**	**135,351**	(44,047)	141,643	97,596
	(56,295)	**51,341**	**(4,954)**	(41,139)	204,603	163,464
INVESTMENT INCOME	**74,206**	**146,875**	**221,081**	110,604	285,909	396,513

15. OACIQ's Professional Liability Insurance Fund

The summary financial statements as at December 31, 2015 of the **FARCIQ** are as follows:

	2015	2014
	$	$
Balance sheet		
Assets	**56,615,416**	55,024,725
Liabilities	**17,820,364**	17,135,743
Accumulated surplus	**38,795,052**	37,888,982
	56,615,416	55,024,725
Statement of income		
Revenue	**6,965,028**	7,898,465
Expenses	**5,313,979**	4,918,757
Earnings for the year	**1,651,049**	2,979,708
Unrealized (loss) gain on available-for-sale securities	**(631,366)**	1,112,022
Portion reclassified to income from available-for-sale securities	**(113,613)**	(10,060)
Comprehensive income	**906,070**	4,081,670
Cash flows		
Operating activities	**(18,803)**	2,818,725
Investing activities	**(2,507,200)**	(2,162,570)

The financial statements of the **FARCIQ** are prepared in accordance with International Financial Reporting Standards (IFRS). With respect to the application of accounting policies, the main difference between the **FARCIQ** and the **OACIQ** concerns the measurement and disclosure of financial instruments. The **FARCIQ** complies with IFRS disclosure requirements while the **OACIQ** complies with Part III of the *CPA Canada Handbook – Accounting*.

During the year, the **OACIQ** incurred, with the **FARCIQ**, management fees and sponsorship totalling $122,877 ($57,346 in 2014), and occupancy expenses for an amount of $91,669 ($80,692 in 2014). These amounts are in addition to other costs totalling $35,921 ($30,072 in 2014). These transactions occurred in the normal course of operations and are measured at the exchange amount. As at December 31, 2015, an amount of $17,333 is included in accounts receivable ($12,296 in 2014) in connection with these transactions. Accounts payable and accrued liabilities include an amount payable of $12,684 ($7,620 in 2014) for the premiums collected by the **OACIQ** for the **FARCIQ**.

16. Financial instruments

Market risk

Market risk is the risk that the fair value or future cash flows of the **OACIQ**'s financial instruments will fluctuate because of changes in market prices. Market risk is comprised of interest rate risk. The **OACIQ** is exposed to this risk, as described below:

i) Interest rate risk

Investments bear interest at fixed rates. Consequently, a change in the market interest rate will have an impact on the fair value of the investments.

Credit risk

The **OACIQ** extends credit to licence holders in the normal course of business. Ongoing credit checks are conducted and the statement of financial position include an allowance for doubtful accounts.

In addition, credit risk arises because the **OACIQ** holds investments in bonds. Therefore, there is a risk that a bond issuer could fail to meet its obligations toward the **OACIQ**, which would affect the assets of the **OACIQ**.

Liquidity risk

The **OACIQ**'s objective is to have sufficient liquidity to meet its liabilities when due. The **OACIQ** monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2015, the most significant financial liabilities are accounts payable and accrued liabilities.

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current years' presentation.

APPENDIX

Revenue and expenses · Year ended December 31, 2015

	2015	2014
	$	$
CONTINUING EDUCATION		
Revenue		
Continuing education activities	**943,801**	2,740,923
Direct expenses		
Salaries and employee benefits	**1,080,398**	842,712
Training and contributions	**3,433**	2,321
Professional fees	**131,915**	304,982
Occupancy expenses	**185,496**	188,205
Travel	**64,150**	42,581
Publications	**2,635**	1,691
Office expenses	**27,964**	26,242
Doubtful accounts (recovered)	**(3,020)**	7,764
Amortization of capital assets	**19,785**	21,968
	1,512,756	1,438,466
(Deficiency) excess of revenue over expenses	**(568,955)**	1,302,457
BASIC TRAINING AND EXAMINATIONS		
Revenue		
Revenue related to examination and basic training	**883,945**	911,643
Direct expenses		
Salaries and employee benefits	**834,753**	854,661
Training and contributions	**758**	1,030
Professional fees	**4,886**	7,657
Occupancy expenses	**191,823**	127,487
Travel	**46,794**	44,154
Office expenses	**25,077**	25,513
Amortization of capital assets	**27,337**	34,944
	1,131,428	1,095,446
Deficiency of revenue over expenses	**(247,483)**	(183,803)

APPENDIX (CONTINUED)

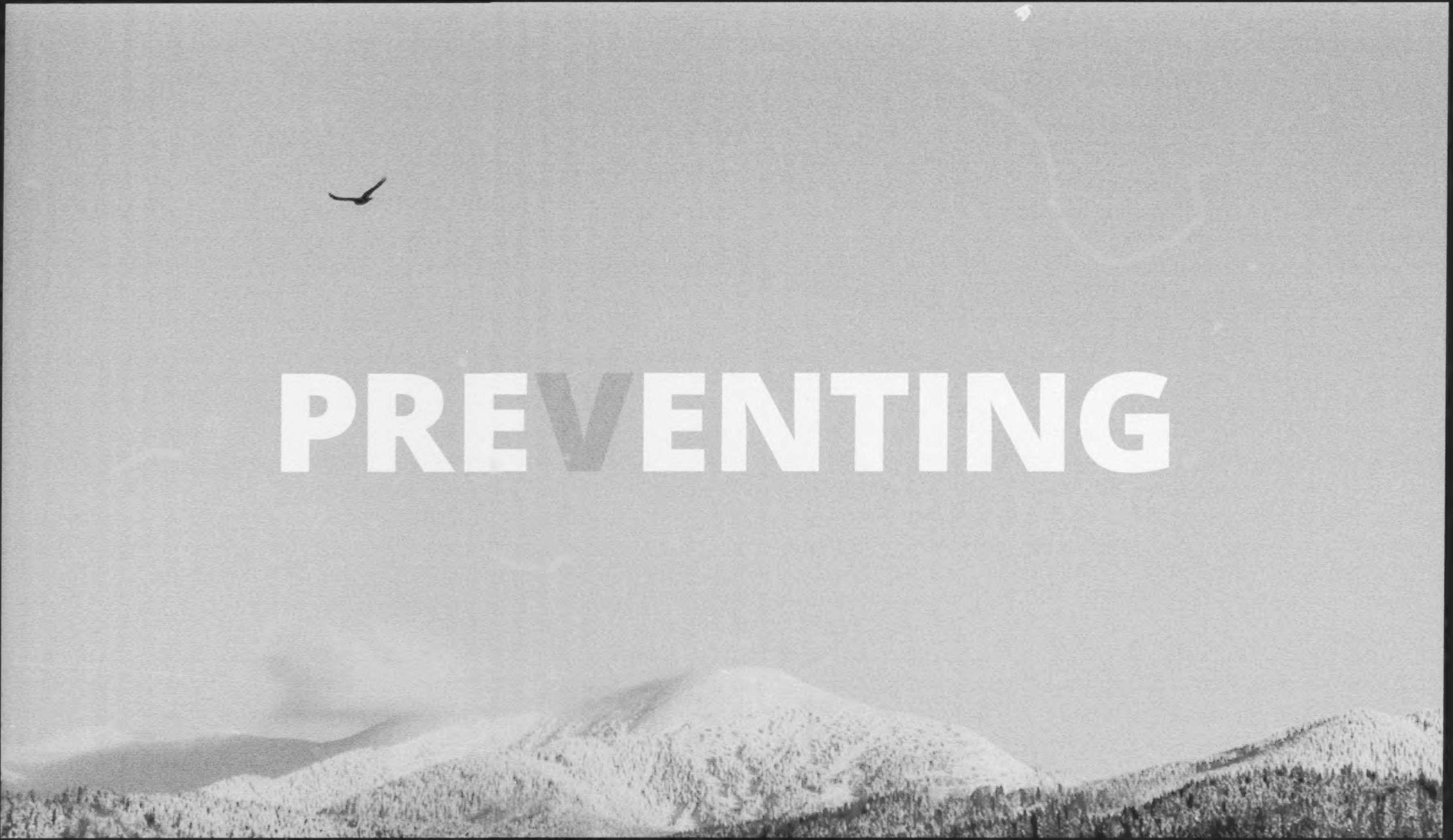
Revenue and expenses · Year ended December 31, 2015 (continued)

	2015	2014
	$	$
DISCIPLINE AND SYNDIC		
Revenue		
Fines and premiums received	**620,082**	582,437
Direct expenses		
Discipline committee	**667,057**	820,779
Salaries and employee benefits	**1,694,197**	1,806,554
Training and contributions	**22,521**	26,173
Trustee decision review committee	**145,682**	128,524
Doubtful accounts	**11,268**	164,123
Bailiff fees	**111,802**	157,537
Professional fees	**144,005**	203,633
Occupancy expenses	**305,004**	266,346
Office expenses	**76,580**	80,262
Public notices	**15,270**	22,761
Travel	**17,735**	35,311
Amortization of capital assets	**54,975**	67,029
	3,266,096	3,779,032
Deficiency of revenue over expenses	**(2,646,014)**	(3,196,595)
FORMS		
Revenue		
Sales of forms	**916,635**	948,843
Direct expenses		
Cost of sales	**279,752**	249,346
Salaries and employee benefits	**108,430**	102,132
Professional fees	**65,226**	168,828
Other expenses	**1,519**	24,152
	454,927	544,458
Excess of revenue over expenses	**461,708**	404,385

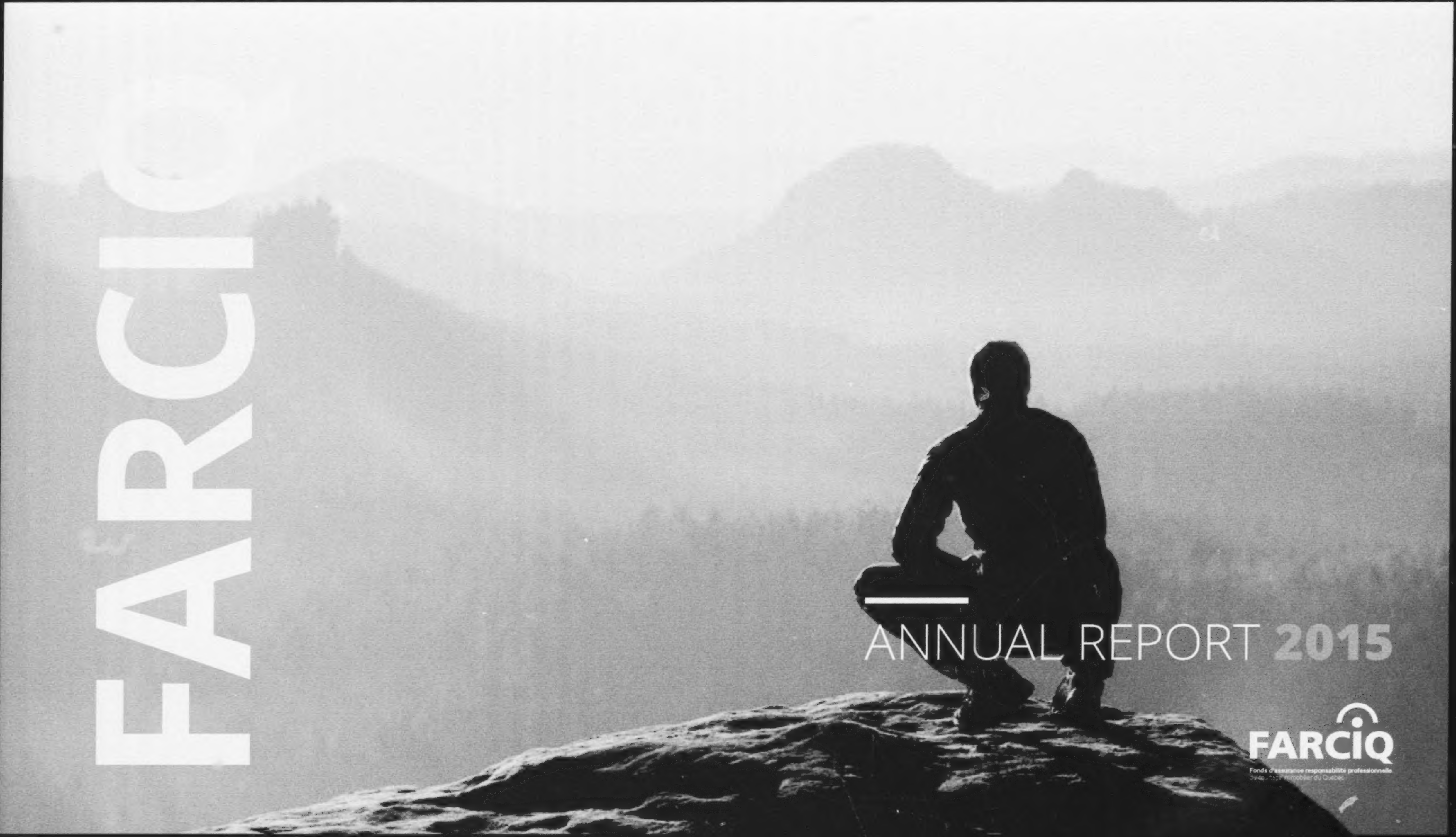
APPENDIX (CONTINUED)

Revenue and expenses · Year ended December 31, 2015 (continued)

	2015	2014
	$	$
ILLEGAL BROKERAGE PRACTICES		
Revenue		
Penalties received	**62,061**	164,286
Direct expenses		
Salaries and employee benefits	**404,824**	621,365
Training and contributions	**6,677**	7,482
Penal investigations	**15,714**	19,785
Legal fees	**169,164**	75,619
Occupancy expenses	**31,756**	47,293
General administration	**11,310**	19,614
Amortization of capital assets	**10,471**	18,971
	649,916	810,129
Deficiency of revenue over expensess	**(587,855)**	(645,843)



PREVENTING



FARCIQ

ANNUAL REPORT 2015

FARCIQ

Fonds d'assurance responsabilité professionnelle
du courtage immobilier du Québec

TABLE OF CONTENTS

Mission 85

FARCIQ Directors 87

Message from the Chairman of the Board of Directors 89

Management Report – Message from the Interim General Manager 92

Independent Auditor's Report 96

Financial Statements 98

Notes to the Financial Statements 102

Opinion of the Actuary 126

OUR MISSION

Protect our policyholders' assets through professional liability insurance.

OUR ROLE

1. Offer protection in case of fault, error, negligence or omissions that could be committed by a brokerage licence holder in the course of his professional activities.
2. Pay compensation to prejudiced clients where professional liability is demonstrated.
3. Answer the needs and concerns of brokers regarding their professional liability insurance while helping them prevent the risks arising from errors committed in the course of their practice.

Membership in the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (**FARCIQ**) is mandatory for all real estate and mortgage agencies and brokers duly licensed by the **OACIQ**.

From left to right:

Louis-Georges Pelletier
Martin Dupras
Albert Arduini
Christine Lemieux
Marc Simard
Michel Léonard
Christiane St-Jean
Xavier Lecat
Bernard Deschamps
Alain Chouinard

FARCIQ DIRECTORS

as at December 31, 2015

Chairman of the Board of Directors

Me Michel Léonard
Lawyer and Chartered Real Estate Broker
President of BTB Real Estate Investment Trust

Chair of the Governance Committee, Member of the Audit Committee, the Professional Ethics Committee, the Prevention and Claims Committee and the Investments Committee.

Vice-Chair of the Board of Directors and Treasurer

Mr. Martin Dupras, A.S.A., F. Pl., M. Tax.
President of ConFor financiers inc.

Chair of the Audit Committee, Member of the Governance Committee and the Investments Committee

Directors

Mr. Albert Arduini, T.P., CIP
Manager, Building Inspection and Expertise
SCM Risk Management Services Inc.

Chair of the Investments Committee, Member of the Governance Committee and the Prevention and Claims Committee

Mr. Bernard Deschamps, MPA, CPA, CMA
Chief Executive Officer, Groupe Ultima
Member of the Audit Committee

Mr. Xavier Lecat
Real Estate Broker, L'Expert Immobilier PM Inc.
Member of the Audit Committee and the Investments Committee

Mrs. Christine Lemieux, B.B.A., AMP
Chartered Real Estate Mortgage Broker and Agency Executive Officer
President of Dominion-Phénix Lending Centres

Member of the Prevention and Claims Committee

Mr. Louis-Georges Pelletier, BA, CIP
Corporate Director

Chair of the Prevention and Claims Committee, Member of the Governance Committee and the Investments Committee

Me Marc Simard
Partner, Bélanger Sauvé

Chair of the Professional Ethics Committee, Member of the Governance Committee

Mrs. Christiane St-Jean
Chartered Real Estate Broker and Agency Executive Officer
President of RE/MAX ACCÈS inc.

Member of the Professional Ethics Committee

GUIDING

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

We are proud to present the results of the **FARCIQ** for the year ended December 31, 2015. These results show the good financial health of the **FARCIQ** and the efficient balance achieved between the premiums paid by policyholders, the insurance coverage, and the cost of claims.

Lower premiums, higher coverage

Thanks to sound claims management and to our internal efforts, the insurance premium paid by real estate brokers and real estate and mortgage agencies was lowered from $395 to $345 on May 1, 2015.

Another new development in 2015: based on our claims experience, and in response to the wish expressed by some policyholders at the **OACIQ** Annual General Meeting in May 2014, the premium for brokers restricted to mortgage brokerage was reduced from $395 to $245 as of May 1, 2015.

In addition, in response to popular demand, the Board of Directors revised the liability insurance policy coverage. This led to improved coverage for claims concerning moulds, pollutants and antipollution measures. Since May 1, 2015, policyholders may benefit from a coverage sub-limit of $25,000 per claim of this type, up to a maximum of $100,000 per policy period.

> "THE FARCIQ AWARDED MORE THAN $1 MILLION IN INDEMNITIES IN 2015."

Me MICHEL LÉONARD
Chairman of the Board of Directors

A balanced, mature fund

During 2015, the number of policyholders insured under the Fund decreased from 16,802 to 16,438 as at December 31, 2015. This, combined with the premium reduction, resulted in a slight decrease in revenues. During the same period, the number of claims received by the Fund increased from 583 in 2014 to 659 in 2015. An increase in claim amounts was also recorded. It is important to note that the **FARCIQ** awarded more than $1 million in indemnities in 2015.

Despite these factors, the year 2015 ended with operating earnings of $1,651,049 mainly due to the Fund's investment activities. The accumulated surplus in the Fund remains comfortable at $39,031,489, one of the highest reserve funds in Québec. This is reassuring for our policyholders and for the public, since it means that the **FARCIQ** has the resources to settle any legitimate claim.

Another sign of the **FARCIQ**'s excellent financial health: the Fund's solvency level continues above the target of 375% and meets the criteria established by the Autorité des marchés financiers and by our actuary.

> "THE FUND'S BOARD OF DIRECTORS FEELS THAT IT HAS ACHIEVED THE RIGHT BALANCE BETWEEN EXPENSES AND PREMIUMS CHARGED TO BROKERS. THIS BODES VERY WELL FOR THE FUTURE!"

Our goal is to offer the broadest possible coverage to our policyholders at a fair premium, while adequately compensating the public. After nine years of operation – the Fund began its activities in July 2006 – and four annual decreases in premiums and a progressive increase in claim values, the Fund's Board of Directors feels that it has achieved the right balance between expenses and premiums charged to brokers. This bodes very well for the future!

2016: Stability and transparency

In 2016 the **FARCIQ** will remain vigilant in order to maintain a balanced budget, which demonstrates the Fund's maturity. This said, in order to achieve this goal while maintaining a stable insurance premium, the **FARCIQ** does not rule out the possibility of subsidizing the premium via the accumulated surplus from previous years.

Given the above, we can already announce two items of good news: the first is that the premium payable for all licence categories as of May 1, 2016 will remain at its current level; the second is that agencies will be protected when a broker sells his own property.

In addition, in the coming year the **FARCIQ** will work to make its operations more transparent, according to terms that will be defined.

And finally, in 2016 the **FARCIQ** will celebrate its 10th anniversary. To mark this milestone, we will increase our presence in the field by taking part in numerous events. We will also take this opportunity to unveil a new and dynamic brand image.

In closing, I would like to thank the members of the Fund's Board of Directors and the Interim General Manager and his team for their outstanding work this year.

M^e Michel Léonard
Chairman of the Board of Directors

> "OUR GOAL IS TO OFFER THE BROADEST POSSIBLE COVERAGE TO OUR POLICYHOLDERS AT A FAIR PREMIUM, WHILE ADEQUATELY COMPENSATING THE PUBLIC."

MANAGEMENT REPORT – MESSAGE FROM THE INTERIM GENERAL MANAGER

In 2015 the **FARCIQ**'s general management continued to work on several objectives in connection with the priorities set by the Board of Directors.

Claims

In 2015, as indicated by the Chairman of the Board, the **FARCIQ** opened more files, bringing the number of open and pending files to 659 (compared to 583 in 2014). The Fund has processed 5,136 files since its inception.

One of the most significant impacts on claims management has been the raising of the small claims limit from $7,000 to $15,000 on January 1, 2015. New rules of procedure coming into force in 2016 are also likely to have new impacts, and will be something to watch for. Considering these new challenges and because the Fund wishes to maintain outstanding customer service, a new resource has been added to its Claims team.

Insurance policy review

In 2015, in an ongoing effort to offer coverage that is adapted to the realities of the profession, the policy underwent several changes. These included a clarification regarding certain terms of application of the existing policy, as well as improved coverage, long-awaited by policyholders, concerning moulds and pollutants.

Since 2008, the insurance coverage had excluded this type of claim, but it did offer, according to certain terms, coverage limited to legal and expert fees up to a maximum of $25,000. Since May 1, 2015, claims arising from pollution or mould risks are now covered without being limited to legal and expert fees, with a sub-limit of $25,000 per loss. This is an important gain in the coverage offered.

Me ALAIN CHOUINARD
Interim General Manager

In addition, at the **OACIQ** Annual General Meeting in 2014, policyholders had asked that the insurance premium be modulated based on different criteria. Although not all criteria proved valid, it was found that the frequency and severity of claims for mortgage brokers were lower, which enabled us to reduce premiums for this group. Overall the premiums were revised downward, going from $394 to $345 for real estate and mortgage agencies and real estate brokers, and from $395 to $245 for mortgage brokers.

Another long-awaited change: the 2015-2016 policy specifies the context in which coverage applies for out-of-province transactions: thus a claim emanating from a real estate brokerage transaction relating to a property or a right located outside Québec is not covered unless it meets certain conditions.

All changes that came into effect on May 1, 2015 can be found in the Notice of Change 2015-2016 sent to all brokers in 2015.

> "TO MARK ITS 10TH ANNIVERSARY, THE FARCIQ WILL STEP UP ITS COMMUNICATION EFFORTS IN VARIOUS WAYS, INCLUDING BY INCREASING ITS PRESENCE IN THE FIELD."

Organizational policies

In 2014 the **FARCIQ** had reviewed all Fund policies in order to maintain or improve compliance thereof. This necessary exercise affected about 20 policies, approved by each of the **FARCIQ**'s five committees, i.e. governance, audit, ethics, investments, prevention and claims. The Administrator's Manual was also completely revamped. In 2015, the **FARCIQ** continued its compliance work to ensure that its policies follow the guidelines of the Autorité des marchés financiers (AMF).

The **FARCIQ** also included in its claims processing manual the sound business practices principles contained in the AMF's guideline on this topic, including standards of behaviour, fair treatment for consumers, and guiding principles surrounding claims processing.

Finally, in 2015 the **FARCIQ** completed the work required by the AMF following a monitoring report issued in September 2014.

Communications

Focusing on good practices in order to reduce the risk of claims, and wishing to maintain broker trust, the **FARCIQ** continued its efforts to inform, advise and support brokers. This was done by:

- sending an information kit to new brokers;
- publishing prevention advice in *Profession BROKER*;
- producing a video capsule;
- having a presence in the field at seminars and conventions;
- taking part in our Continuing Education Program.

2016: Improved coverage

As announced by the Chairman in these pages, the premiums payable as of May 1, 2016 for all categories of policyholders will remain at their current level. As well, coverage for agencies will be improved, going from $2 million to $5 million per year. In addition, agency coverage will henceforth include a broker selling his own property.

As a good manager, the **FARCIQ** will also guard against any unforeseen hike in the number and value of claims by opting for an increased level of reinsurance. Thus the **FARCIQ** will benefit from total reinsurance coverage of $11 million instead of the current $4.5 million.

Finally, to mark its 10th anniversary, the **FARCIQ** will step up its communication efforts in various ways, including by increasing its presence in the field. We hope to have the opportunity to meet you. Come and see us!

> **"THE FUND HAS PROCESSED 5,136 FILES SINCE ITS INCEPTION."**

I take this opportunity to thank all **FARCIQ** Board members. Without their support and collaboration, these great results could not have been achieved. I would also like to congratulate all **FARCIQ** employees for their commitment to our policyholders, their loyalty, and the excellence of their work.

M^e Alain Chouinard
Interim General Manager

BALANCING

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte S.E.N.C.R.L./s.r.l.
La Tour Deloitte
1190, avenue des Canadiens-de-Montréal
Suite 500
Montréal QC H3B 0M7
Tel.: 514-393-7115 • Fax: 514-390-4116
www.deloitte.ca

TO THE FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

We have audited the accompanying financial statements of the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (**FARCIQ**), which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in accumulated surplus, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **FARCIQ** as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte s.e.n.c.r.l./s.r.l.[1]

February 23, 2016

---

[1] CPA auditor, CA, public accountancy permit No. A116933

FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of comprehensive income · Year ended December 31, 2015

(In Canadian dollars)

	2015	2014
	$	$
Insurance operations		
Premiums earned (note 11)	**6,066,574**	6,974,916
Reinsurance premiums ceded (note 11)	**(374,067)**	(442,085)
Net earned premiums	**5,692,507**	6,532,831
Claims and loss adjustment expenses	**3,954,517**	3,580,703
General and administrative expenses	**1,359,462**	1,338,054
Total claims and expenses	**5,313,979**	4,918,757
Underwriting profit	**378,528**	1,614,074
Investment and other income (note 4)	**1,272,521**	1,365,634
Income for the year	**1,651,049**	2,979,708
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Unrealized gain on available-for-sale securities	**(631,366)**	1,112,022
Portion reclassified to income from available-for-sale securities	**(113,613)**	(10,060)
Other comprehensive income for the year	**(744,979)**	1,101,962
COMPREHENSIVE INCOME	**906,070**	4,081,670

The accompanying notes are an integral part of the financial statements.

FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of changes in accumulated surplus · Year ended December 31, 2015

(In Canadian dollars)

	2015			2014
	Accumulated surplus	**Accumulated other comprehensive income**	**Total**	Total
	$	**$**	**$**	$
Balance, beginning of year	**37,380,440**	**508,542**	**37,888,982**	33,807,312
Income for the year	**1,651,049**	**-**	**1,651,049**	2,979,708
Other comprehensive income	**-**	**(744,979)**	**(744,979)**	1,101,962
BALANCE, END OF YEAR	**39,031,489**	**(236,437)**	**38,795,052**	37,888,982

The accompanying notes are an integral part of the financial statements.

FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of financial position · As at December 31, 2015

(In Canadian dollars)

	2015	2014
	$	$
Assets		
Cash	**1,199,715**	1,468,323
Treasury bills (interest rate of 0.1% in 2015 (1.88% in 2014))	**49,954**	808,196
Investments (note 4)	**52,716,372**	50,749,166
Investment income receivable	**194,623**	192,575
Premiums and other receivables (note 14)	**105,139**	62,261
Amounts recoverable from reinsurers for claims liabilities (note 9)	**1,617,000**	755,000
Deductibles recoverable from policyholders for claims liabilities	**624,722**	473,262
Prepaid reinsurance	**-**	374,067
Prepaid expenses	**33,311**	14,206
Property, plant and equipment (note 7)	**6,785**	19,454
Intangible asset (note 8)	**67,795**	108,215
	56,615,416	55,024,725
Liabilities		
Accounts payable and accrued liabilities	**303,108**	182,741
Due to OACIQ (note 13)	**17,333**	12,296
Unearned premiums	**1,931,201**	2,295,444
Claims liabilities (note 9)	**15,568,722**	14,645,262
	17,820,364	17,135,743
Commitments (note 16)		
Accumulated surplus		
Accumulated surplus, end of year	**39,031,489**	37,380,440
Accumulated other comprehensive income	**(236,437)**	508,542
	38,795,052	37,888,982
	56,615,416	55,024,725

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

Michel Léonard
President

Martin Dupras
Treasurer

FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

Statement of cash flows · Year ended December 31, 2015

(In Canadian dollars)

	2015	2014
	$	$
Operating activities		
Income for the year	1,651,049	2,979,708
Adjustments for:		
Amortization of property, plant and equipment	12,669	20,948
Amortization of intangible asset	40,420	39,374
Amortization of premiums and investment discounts	218,281	64,225
Gain on disposal of investments	(113,613)	(10,060)
Income of reinvested dividends	(309,653)	(281,138)
	1,499,153	2,813,057
Change in non-cash working capital items		
Investment income receivable	(2,048)	(7,352)
Premiums and other receivables	(42,878)	(20,206)
Prepaid expenses	(19,105)	22,555
Amounts recoverable from reinsurers for claims liabilities	(862,000)	1,639,000
Prepaid reinsurance	374,067	(119,015)
Deductibles recoverable from policyholders for claims liabilities	(151,460)	(75,278)
Accounts payable and accrued liabilities	120,367	31,277
Due to OACIQ	5,037	(3,633)
Unearned premiums	(364,243)	(232,704)
Claims liabilities	923,460	(1,228,976)
	1,480,350	2,818,725
Investing activities		
Acquisition of investments	(38,590,834)	(33,816,568)
Proceeds on disposal of investments	36,083,634	31,674,480
Additions to property, plant and equipment	-	(5,515)
Additions to intangible asset	-	(14,967)
	(2,507,200)	(2,162,570)
(Decrease) increase in cash and cash equivalents	(1,026,850)	656,155
Cash and cash equivalents, beginning of year	2,276,519	1,620,364
Cash and cash equivalents, end of year	1,249,669	2,276,519
Cash and cash equivalents consist of:		
Cash	1,199,715	1,468,323
Treasury bills	49,954	808,196
	1,249,669	2,276,519

The accompanying notes are an integral part of the financial statements.

FONDS D'ASSURANCE RESPONSABILITÉ PROFESSIONNELLE DU COURTAGE IMMOBILIER DU QUÉBEC

Notes to the financial statements · December 31, 2015

(In Canadian dollars)

1. Incorporation and nature of operations

Governed by the *Insurance Act*, the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (the "**FARCIQ**" or "Insurance Fund") was incorporated by Québec's self-regulatory body for real estate brokers, the Organisme d'autoréglementation du courtage immobilier du Québec (the "**OACIQ**"). The **OACIQ** obtained its insurer permit on July 4, 2006, and the Insurance Fund commenced its operations on July 21, 2006. Its mission is to provide professional liability insurance for all agencies, real estate brokers and mortgage brokers of Quebec. The Insurance Fund's head office is located at 4905 Lapinière Blvd., Suite 2800, Brossard, Québec, Canada. **FARCIQ** is not subject to the *Income Tax Act*.

2. Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as at December 31, 2015. These financial statements and the accompanying notes were authorized for issue in accordance with a resolution of the Board of Directors on February 23, 2016.

The Insurance Fund uses a liquidity presentation for statement of financial position.

3. Accounting policies

Insurance contracts

Insurance contracts are contracts that, at their effective date, transfer significant insurance risk. Insurance risk is transferred when the Insurance Fund agrees to compensate a policyholder if an uncertain future event specified in the contract adversely affects the policyholder. All contracts issued by the Insurance Fund transfer significant insurance risk and are therefore treated as insurance contracts.

Claims liabilities

Claims liabilities consist of unpaid claims and loss adjustment expenses "unpaid claims". Upon receipt of any notice of claim, the net final cost of claims and loss adjustment expenses is first estimated on a case-by-case basis and then reassessed as additional information becomes known. Included in unpaid claims is a provision to account for the future development of these claims, including claims incurred but not reported, as well as a provision for adverse deviations, as required by accepted actuarial practice in Canada. Unpaid claims are discounted to take into account the time value of money using the market rates of the underlying invested assets. An external actuary, appointed by the Board of Directors of the Insurance Fund, evaluates the adequacy of claims liabilities using appropriate actuarial techniques.

Unearned premiums

Premiums written are deferred as unearned premiums and recognized as revenue on a pro rata basis over the terms of the underlying policies. Unearned premiums are calculated as the unexpired portion of the premiums written on a pro rata basis.

3. Accounting policies (continued)

Reinsurance

Claims are presented in the statement of comprehensive income, net of amounts recoverable from reinsurers. Estimated amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable for claims.

Amounts recoverable from reinsurers are assessed in the same manner as unpaid claims and are recorded to reflect the time value of money.

Cash and cash equivalents

Cash and cash equivalents include cash and treasury bills that, at purchase, have a maturity of three months or less from the acquisition date. Investment income on cash and cash equivalents is recognized when earned and is included in the statement of comprehensive income within Investment and other income.

Financial instruments

Financial instruments consist of available-for-sale ("AFS") financial assets and loans and receivables.

AFS financial assets are those financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss. AFS assets are acquired for an indefinite period and may be sold to meet liquidity requirements.

The investments, all classified as AFS, are carried at fair value on the statement of financial position as of the trade date, and changes in fair value are recorded in other comprehensive income until the financial asset is disposed of or has become other-than-temporarily impaired. As long as an AFS asset is held and not other-than-temporarily impaired, gains and losses are not recognized in income. When the asset is disposed of or other-than-temporarily impaired, gains and losses are recognized in income as investment and other income and, accordingly, the amount is deducted from other comprehensive income. Gains and losses on the sale of AFS assets are calculated using the average cost method.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Cash, treasury bills, investment income receivable, premiums and other receivables, and amounts recoverable from policyholders for claims liabilities are classified as loans and receivables.

Financial liabilities at amortized cost

Financial liabilities, which are listed as accounts payable and accrued liabilities, and due to OACIQ, are measured at amortized cost.

Fair value of financial instruments

In accordance with IFRS 7, *Financial Instruments – Disclosures* for financial instruments measured at fair value on the statement of financial position, the Insurance Fund categorizes its fair value measurements according to a three-level hierarchy as described below:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3 – Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

3. Accounting policies (continued)

Revenue and expense recognition related to financial instruments

The effective interest method of amortization is used for all transaction costs added to the acquisition cost of a financial instrument and for the premiums or discounts earned or incurred for AFS financial instruments. Interest income is recognized as earned.

Determination of fair value of financial instruments

The fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received.

Subsequent to initial recognition, the fair values are determined based on available information. The fair value of financial instruments is based on ask prices.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Asset costs are amortized using rates established over the estimated life of the assets, using the straight-line method over the following periods:

Telephone system	3 years
Leasehold improvements	lease term
Furniture and equipment	5 years
Computer hardware	3 years

Intangible asset

Intangible asset is recorded at cost, net of accumulated amortization, and consists of application and operating software. Amortization is calculated on a straight-line basis over the estimated useful life of software, which is five years.

Impairment of long-lived assets

Long-lived assets, excluding goodwill, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount. The recoverable amount of an asset or cash-generating unit ("CGU") is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from an asset or CGU. An impairment loss is the amount, if any, by which the carrying amount of an asset or CGU exceeds its recoverable amount and is charged to income. During the current and previous years, no intangible assets or items of property plant and equipment were impaired.

Standards issued but not yet effective

The Insurance Fund is currently analyzing the impact that the following standards will have on its financial statements:

A. **Disclosure Initiative (Amendments to IAS 1)**

On December 18, 2014, the IASB issued its Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. The amendments to IAS 1 relate to: (i) materiality; (ii) order of the notes; (iii) subtotals; (iv) accounting policies; and (v) disaggregation. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2016. Early adoption is permitted.

3. Accounting policies (continued)

Standards issued but not yet effective (continued)

B. **Financial instruments: Classification and measurement**

On July 25, 2014, the IASB completed the final elements of its comprehensive response to the financial crisis by issuing further amendments to IFRS 9, Financial Instruments, in respect of (i) revisions to its classification and measurement model and (ii) a single, forward-looking "expected loss" impairment model.

IFRS 9, as amended, introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

IFRS 9, as amended, introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a more timely basis.

The amendments to IFRS 9 are effective for annual periods beginning on January 1, 2018. Earlier adoption is permitted.

Significant accounting estimates and assumptions

The carrying values of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities during the next annual reporting period are related to measuring claims liabilities.

The ultimate cost of claims liabilities is estimated by using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practice.

The main assumption underlying these techniques is that an entity's past claims experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of prior years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by industry and claim type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the most likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

4. Investments

A financial instrument is regarded as quoted in an active market [Level 1] if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. When a quoted active market exists, the fair values of financial assets are based on bid prices and the fair values of financial liabilities are based on ask prices.

In the absence of an active market, fair values are based on inputs other than quoted prices that are observable for the asset or liability directly or indirectly [Level 2]. Such inputs include prevailing market rates for instruments with similar characteristics and risk profiles, the closing price of the most recent trade date subject to liquidity adjustments or average brokers' quotes when trades are too sparse to constitute an active market. Specifically, the fair value of bonds is determined by discounting cash flows generated over the holding period of the bond. The discount rate used reflects the credit risk of instruments with the same risk profile as the bond measured at the date of presentation of financial information. As for investment funds, fair value is based on their net asset value.

Certain financial instruments whose fair values are not based on observable market inputs are to be measured using a valuation technique or model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data [Level 3]. The Insurance Fund held no Level 3 securities as at December 31, 2015. During the year, there have been no transfers of amounts between Level 1 and Level 2.

The distribution of the Insurance Fund's financial instruments between each of the above-mentioned levels is presented below.

4. Investments (continued) · Fair value hierarchy

	2015		
	Level 1	**Level 2**	**Total**
	$	**$**	**$**
Provincial government bonds	-	**5,647,139**	**5,647,139**
Municipal government bonds	-	**17,070,845**	**17,070,845**
Corporate bonds	-	**14,073,605**	**14,073,605**
Investment funds	-	**9,612,971**	**9,612,971**
Preferred shares	**6,311,812**	-	**6,311,812**
	6,311,812	**46,404,560**	**52,716,372**

	2014		
	Level 1	Level 2	Total
	$	$	$
Provincial government bonds	-	12,094,548	12,094,548
Municipal government bonds	-	13,840,351	13,840,351
Corporate bonds	-	11,117,184	11,117,184
Investment funds	-	9,664,066	9,664,066
Preferred shares	4,033,017	-	4,033,017
	4,033,017	46,716,149	50,749,166

4. Investments (continued) · Investment maturities

	2015				
	Under 1 year	**1 to 5 years**	**Over 5 years**	**No specific maturity**	**Total**
	$	**$**	**$**	**$**	**$**
Provincial government bonds	**-**	**143,369**	**5,503,770**	**-**	**5,647,139**
Municipal government bonds	**3,754,073**	**12,915,858**	**400,914**	**-**	**17,070,845**
Corporate bonds	**3,148,236**	**8,773,264**	**2,152,105**	**-**	**14,073,605**
Investment funds	**-**	**-**	**-**	**9,612,971**	**9,612,971**
Preferred shares	**-**	**-**	**-**	**6,311,812**	**6,311,812**
	6,902,309	**21,832,491**	**8,056,789**	**15,924,783**	**52,716,372**

	2014				
	Under 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
	$	$	$	$	$
Provincial government bonds	-	8,006,190	4,088,358	-	12,094,548
Municipal government bonds	4,296,881	9,543,470	-	-	13,840,351
Corporate bonds	1,221,551	7,782,050	2,113,583	-	11,117,184
Investment funds	-	-	-	9,664,066	9,664,066
Preferred shares	-	-	-	4,033,017	4,033,017
	5,518,432	25,331,710	6,201,941	13,697,083	50,749,166

4. Investments (continued) · Unrealized investment gains (losses)

	2015			
	Amortized cost	**Gains**	**Losses**	**Fair value**
	$	$	$	$
Provincial government bonds	5,443,805	203,995	(661)	5,647,139
Municipal government bonds	16,956,917	133,991	(20,063)	17,070,845
Corporate bonds	13,955,493	158,277	(40,165)	14,073,605
Investment funds	9,892,507	-	(279,536)	9,612,971
Preferred shares	7,094,369	20,042	(802,599)	6,311,812
	53,343,091	516,305	(1,143,024)	52,716,372

	2014			
	Amortized cost	Gains	Losses	Fair value
	$	$	$	$
Provincial government bonds	11,771,444	323,104	-	12,094,548
Municipal government bonds	13,715,868	125,138	(655)	13,840,351
Corporate bonds	10,997,315	132,755	(12,886)	11,117,184
Investment funds	9,676,858	-	(12,792)	9,664,066
Preferred shares	4,079,139	43,271	(89,393)	4,033,017
	50,240,624	624,268	(115,726)	50,749,166

4. Investments (continued) · Investment and other income

	2015	2014
	$	$
Interest income	**1,027,354**	1,013,278
Dividend income	**536,071**	448,281
Amortization of premiums and discounts	**(218,281)**	(64,225)
Gain from disposal of investments	**113,613**	10,060
	1,458,757	1,407,394
Investment management and custody fees	**186,236**	167,760
Investment income	**1,272,521**	1,239,634
Other income	-	126,000
INVESTMENT AND OTHER INCOME	**1,272,521**	1,365,634

5. Additional information about financial instruments

The Insurance Fund's investments are managed by two external managers, which are required to follow the investment policy set out by the Insurance Fund's Board of Directors. Management ensures compliance with these guidelines. The investment portfolio is entirely invested in well established, active and liquid markets.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other market price risk. The Insurance Fund's investment policies establish principles and limits pertaining to these risks. The Investment Committee regularly monitors compliance with these investment policies.

Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies fluctuate because of changes in foreign exchange rates. Since all its financial instruments are denominated in Canadian dollars, the Insurance Fund is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that a fluctuation in interest rates negatively impact the financial position of the Insurance Fund, which occurs when market interest rates rise.

The following table details the interest rate risk exposure. The financial instruments appearing in the statement of financial position are displayed according to the earlier of their maturity and their rate adjustment date. The effective interest rates, if any, are the current market rates for the overall bond portfolio.

5. Additional information about financial instruments (continued)

Financial instrument interest rates by maturity

	2015			
	Floating rate	Under 12 months	1 to 5 years	Over 5 years
	%	%	%	%
Assets				
Fixed-income securities	-	1.40 to 4.65	1.42 to 5.80	2.28 to 5.54
Reinsurance and deductibles	-	1.87	1.87	1.87
Liabilities				
Claims liabilities	-	1.87	1.87	1.87

	2014			
	Floating rate	Under 12 months	1 to 5 years	Over 5 years
	%	%	%	%
Assets				
Fixed-income securities	-	1.75 to 5.02	1.42 to 5.80	2.85 to 5.54
Reinsurance and deductibles	-	1.95	1.95	1.95
Liabilities				
Claims liabilities	-	1.95	1.95	1.95

A 1% change in interest rates would result in a $1,754,029 decrease (increase) in investment income ($1,588,417 in 2014).

Credit risk

Credit risk is the risk that a party to a financial instrument cause a financial loss for the Insurance Fund by failing to discharge an obligation. Credit risk arises primarily from fixed-income securities, which comprise substantially all of the investment portfolio.

The Insurance Fund's investment policy provides a quality criteria framework for portfolio securities and requires investment managers to produce regular compliance reports. The policy also stipulates that the Insurance Fund may not invest more than 50% of its fixed-income security portfolio in corporate bonds. No more than 5% of the fixed-income security portfolio may be invested in issues with ratings of BBB or less. The Insurance Fund may not invest more than 10% of the fixed-income security portfolio in the securities of a single corporate issuer.

The Insurance Fund assesses the reinsurer's financial strength before signing any reinsurance treaties and monitors its situation on a regular basis. In addition, the Insurance Fund has minimum rating requirements for its reinsurer. The reinsurer must have a minimum rating of A+. The Insurance Fund uses AM Best ratings agency.

5. Additional information about financial instruments (continued)

Maximum credit risk exposure arising from financial instruments

	2015	2014
	$	$
Cash	**1,199,715**	1,468,323
Treasury bills	**49,954**	808,196
Canadian, provincial and municipal government bonds	**22,717,984**	25,934,899
Corporate bonds	**14,073,605**	11,117,184
Investment funds	**9,612,971**	9,664,066
Preferred shares	**6,311,812**	4,033,017
Investment income receivable	**194,623**	192,575
Premiums receivable	**105,139**	62,261
Amounts recoverable from reinsurers for claims liabilities	**1,617,000**	755,000
Deductibles recoverable from policyholders for claims liabilities	**624,722**	473,262
TOTAL	**56,507,525**	54,508,783

Credit risk concentration

Concentration of credit risk exists where a number of borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics, such that their ability to meet contractual obligations could be similarly affected by changes in economic, political or other conditions. The Insurance Fund's invested assets could have sensitivity to changes affecting a particular industry. All of the securities held are issued in Canada.

5. Additional information about financial instruments (continued)

Debt securities by industry

	2015	2014
	%	%
Federal, provincial and municipal governments – Canada	**61.62**	69.94
Financials	**27.48**	21.14
Industrials	**4.68**	3.14
Energy	**0.89**	1.71
Infrastructure	**2.33**	1.32
Real estate	**1.30**	1.81
Telecommunication	**1.70**	0.94
	100.00	100.00

Liquidity risk

Liquidity risk is the risk that an entity encounter difficulty in meeting obligations associated with financial instruments that are settled by delivering cash. To manage its cash flow requirements, the Insurance Fund maintains a portion of its invested assets in liquid securities. On December 31, financial liabilities are all due in the following year.

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument fluctuate in amount. The Insurance Fund mitigates this risk by matching cash inflows from investments with cash outflows for paid claims.

Fair value

The fair values of cash, treasury bills, investment income receivable, premiums and other receivables, amounts recoverable from reinsurers for claims liabilities, accounts payable and accrued liabilities, and amounts due to **OACIQ** approximate their carrying values due to their short term maturities.

6. Insurance risk

Insurance risk and management

The Insurance Fund underwrites professional liability insurance contracts for Quebec agencies, real estate brokers and mortgage brokers. Insurance contract risk mostly comprises risk associated with:

- Underwriting and pricing;
- Fluctuation in the timing, frequency and severity of claims relative to projections;
- Inadequate reinsurance protection.

A. **Underwriting**

Policies generally cover a twelve-month period with a renewal date of May 1st each year. The insurance business is cyclical in nature: the industry generally reduces insurance rates following periods of increased profitability, while it generally increases rates following periods of sustained loss. The Insurance Fund's profitability tends to follow this cyclical market pattern. In addition, the Insurance Fund is at risk from changes in professional liability insurance legislation and the economic environment.

In order to properly monitor the Insurance Fund's risk appetite, annual premium pricing is established using an internal return on equity model and a risk-based capital model as published by the Autorité des marchés financiers ("AMF"). The annual premium established at $395 in 2014, was decreased to $345 in 2015 for real estate brokers and agencies and to $245 in 2015 for mortgage brokers. However, the limit of guarantee offered to the insured remained the same. See Note 10.

The Investment Committee monitors the Insurance Fund's overall risk profile, aiming for a balance between risk, return and capital, and determines policies concerning the Insurance Fund's risk management framework. The Committee's mandate is to identify measure and monitor risks and avoid exposures that are outside of the Insurance Fund's risk tolerance level.

B. **Claims management and reinsurance**

One objective of the Insurance Fund is to ensure that sufficient claims liabilities are established to cover future claim payments. The Insurance Fund's success depends upon its ability to adequately assess the risk associated with the insurance contracts underwritten by the Insurance Fund. The Insurance Fund establishes claims liabilities to cover the estimated liability for the payment of all losses and loss adjustment expenses incurred with respect to insurance contracts underwritten by the Insurance Fund. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Insurance Fund's estimates of its expected ultimate cost of claims for compensation payment and claims expenses. Expected inflation is taken into account when estimating claims liabilities, thereby mitigating inflation risk.

Overseen by the Claims Committee, strict claim review policies are in place to assess all new and ongoing claims. In addition, regular detailed reviews of claims handling procedures reduce the Insurance Fund's risk exposure. Further, the Insurance Fund enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business. The Insurance Fund has established a Claims Committee responsible for analyzing claims and contentious matters to ensure that appropriate claims liabilities are established and approved.

6. Insurance risk (continued)

Insurance risk and management (continued)

C. **Sensitivity to insurance risk**

The principal assumption underlying the claims liability estimates is that future claims development will follow a similar pattern to past claims development experience.

Claims liabilities estimates are also based on various quantitative and qualitative factors, including:

- Average claim costs including claim handling costs;
- Average claims by accident year;
- Trends in claim severity and frequency.

Most or all of the qualitative factors are not directly quantifiable, particularly on a prospective basis, and the effects of these and unforeseen factors could negatively impact the Insurance Fund's ability to accurately assess the risk of the insurance contracts the Insurance Fund underwrites. In addition, there may be delays, sometimes amounting to several years, between the occurrence of an insured event and the time it is reported to the Insurance Fund and additional delays between the reporting and the final settlement of claims.

The Insurance Fund refines its claims liabilities estimates on an ongoing basis as claims are reported and settled. Establishing an appropriate level of claims liabilities is an inherently uncertain process and the policies surrounding this are overseen by the Insurance Fund's Claims Committee.

7. Property, plant and equipment

	2015		
	Cost	Accumulated amortization	Carrying value
	$	$	$
Telephone system	22,927	22,927	-
Leasehold improvements	55,343	55,095	248
Furniture and equipment	88,090	82,193	5,897
Computer hardware	41,105	40,465	640
TOTAL	207,465	200,680	6,785

	Carrying value December 31, 2014	Additions/ (disposals)	Amortization	Carrying value December 31, 2015
	$	$	$	$
Reconciliation of carrying value				
Telephone system	-	-	-	-
Leasehold improvements	7,115	-	6,867	248
Furniture and equipment	8,287	-	2,390	5,897
Computer hardware	4,052	-	3,412	640
TOTAL	19,454	-	12,669	6,785

7. Property, plant and equipment (continued)

	2014		
	Cost	Accumulated amortization	Carrying value
	$	$	$
Telephone system	22,927	22,927	-
Leasehold improvements	55,343	48,228	7,115
Furniture and equipment	88,090	79,803	8,287
Computer hardware	41,105	37,053	4,052
TOTAL	207,465	188,011	19,454

	Carrying value December 31, 2013	Additions/ (disposals)	Amortization	Carrying value December 31, 2014
	$	$	$	$
Reconciliation of carrying value				
Telephone system	-	-	-	-
Leasehold improvements	18,184	-	11,069	7,115
Furniture and equipment	5,494	5,515	2,722	8,287
Computer hardware	11,209	-	7,157	4,052
TOTAL	34,887	5,515	20,948	19,454

8. Intangible asset

			2015
	Cost	**Accumulated amortization**	**Carrying value**
	$	**$**	**$**
Software	**550,253**	**482,458**	**67,795**

	Additions/ (disposals)	**Amortization**	**Carrying value December 31, 2015**
	$	**$**	**$**
Reconciliation of carrying value			
Software	-	**40,420**	**67,795**

			2014
	Cost	Accumulated amortization	Carrying value
	$	$	$
Software	550,253	442,038	108,215

			2014	2013
	Additions/ (disposals)	Amortization	Carrying value December 31, 2014	Carrying value December 31, 2013
	$	$		$
Reconciliation of carrying value				
Software	14,967	39,374	108,215	132,622

General and administrative expenses include amortization for the year of $20,210 ($21,656 in 2014), and $20,210 ($17,718 in 2014), included in claims and loss adjustment expenses.

9. Claims liabilities

Actuarial liabilities are determined to reflect the estimate of the full amount of all liabilities associated with the insurance policies at the statement of financial position date, including claims incurred but not reported ("IBNR"). The ultimate amount of the settlement of these liabilities will vary from the best estimate for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Unpaid claims and amounts recoverable from reinsurers

The provision for unpaid claims and amounts recoverable from reinsurers under unpaid claims are determined using standard actuarial techniques requiring assumptions such as loss development and claim settlement patterns, future rates of claim frequency and severity, inflation and other factors.

Unpaid claims were reduced on a net basis by $357,239 as at December 31, 2015 ($386,434 in 2014) to reflect the time value of money, using an average discount rate of 1.87% (1.95% in 2014) on underlying claim settlement patterns. The provision for adverse deviations increased unpaid claims, on a net basis, by $935,469 as at December 31, 2015 ($898,407 in 2014).

Unearned premiums

Unearned premiums are calculated on a pro rata basis from the unexpired portion of premiums written and must be sufficient to cover all future costs related to the unexpired portion of in-force policies as at December 31. The future risks to be provisioned consist of claims and loss adjustment expenses, policy maintenance expenses, and the cost of reinsurance pertaining to these policies. In the event that unearned premiums were inadequate to cover these costs, the Insurance Fund would be required to recognize a corresponding liability to cover the deficiency.

Interest rate sensitivity

As the time value of money is considered in determining the unpaid claims estimate, an increase or decrease in the discount rate would result, respectively, in a decrease or increase in the expense for unpaid claims. Accordingly, a 1% increase in the discount rate would have a $210,886 negative impact on the fair value of unpaid claims as at the statement of financial position date ($215,901 in 2014), while a 1% decrease in the discount rate would have a $218,616 positive impact on the fair value of unpaid claims as at the statement of financial position date ($224,322 in 2014).

Prior-year claims development

The following table shows the estimates of incurred claims, including IBNR, for the five most recent accident years, with subsequent developments during the periods, as well as cumulative payments to date. The evaluation is based on actual payments in full or partial settlement of claims and current estimates of claims liabilities for claims still open or claims still unreported.

9. Claims liabilities (continued) · Prior year claims development

Ultimate incurred claims estimate	2007	2008	2009	2010	2011	2012	2013	2014	**2015**	**Total**
	$	$	$	$	$	$	$	$	**$**	**$**
As at end of underwriting year	3,207,940	6,526,460	6,562,559	6,673,910	6,073,405	5,608,678	5,283,626	4,749,235	**5,407,964**	
One year later	5,073,644	7,023,718	6,424,801	6,033,124	4,671,308	4,468,644	4,069,840	4,607,025		
Two years later	5,285,586	5,651,971	4,772,070	4,790,220	4,077,761	4,144,194	3,301,052			
Three years later	4,034,785	4,585,239	3,220,954	4,076,860	3,245,717	3,543,060				
Four years later	2,984,691	3,439,944	2,761,601	3,660,691	3,125,725					
Five years later	2,778,007	3,073,062	2,428,397	3,509,608						
Six years later	2,728,906	2,976,026	2,578,027							
Seven years later	2,713,372	2,928,464								
Eight years after	2,713,372									
Total liabitilies	2,713,372	2,928,464	2,578,027	3,509,608	3,125,725	3,543,060	3,301,052	4,607,025	**5,407,964**	**31,714,297**
Paid claims	2,713,372	2,925,142	2,349,440	3,093,488	2,649,655	2,549,424	1,631,505	1,618,341	**497,695**	**20,028,063**
Unpaid claims	-	3,322	228,587	416,120	476,070	993,635	1,669,547	2,988,684	**4,910,269**	**11,686,234**
Prior years										
Effect of discounting and margins										**1,105,944**
Other										**2,151,822**
FINAL UNPAID CLAIMS										**14,944,000**

Note: These amounts exclude $624,722 in deductibles recoverable from policyholders for claims liabilities.

9. Claims liabilities (continued) · Movement of net claims liabilities

	2015			2014		
	Direct claims liabilities	**Ceded claims liabilities**	**Net claims liabilities**	Direct claims liabilities	Ceded claims liabilities	Net claims liabilities
	$	**$**	**$**	$	$	$
			(In thousands of dollars)			
Balance, beginning of year	**14,172**	**755**	**13,417**	15,476	2,394	13,082
Changes in estimated losses and expenses for claims incurred in prior years	**(2,925)**	**(565)**	**(2,360)**	(4,354)	(1,973)	(2,381)
Losses and expenses on claims incurred in the current year	**7,631**	**1,427**	**6,204**	6,302	334	5,968
Less recoveries received (amounts paid) in respect of incurred claims						
During the current year	**(765)**	-	**(765)**	(811)	-	(811)
During prior years	**(3,170)**	-	**(3,170)**	(2,441)	-	(2,441)
BALANCE, END OF YEAR	**14,944**	**1,617**	**13,327**	14,172	755	13,417

Note: This table excludes $624,722 in deductibles recoverable from policyholders for claims liabilities ($473,262 in 2014).

10. Reinsurance

The limits coverage provided by the Fund to its insureds is $1,000,000 per claim, per insured, subject to an annual limit of $2,000,000.

In the normal course of business, the Insurance Fund reinsures a portion of the risks it assumes in order to limit its losses in the event of major claims or very high claim frequency.

The terms of the agreement may vary from year to year.

The reinsurance offers $4,500,000 in overall annual coverage in excess of Insurance Fund retention of $4,500,000, between January 1, 2015 to January 1, 2016.

11. Net earned premiums

	2015	2014
	$	$
Earned premiums	**6,066,574**	6,974,916
Reinsurance premiums written	-	561,100
Change in unearned reinsurance premiums	**374,067**	(119,015)
Reinsurance premiums ceded	**374,067**	442,085
Net earned premiums	**5,692,507**	6,532,831

No allowance for doubtful accounts was deducted from net earned premiums in 2015 and 2014 determined by an overall analysis of premiums receivable at year-end to identify those that in all probability will not be recovered. Given that the insurance premium is billed together with **OACIQ** annual membership dues, the insured is not actually covered until **OACIQ** receives the premium, and therefore no allowance is required.

12. Capital required

Capital required is governed by the AMF. Accordingly, the risk-based capital adequacy framework is based on an assessment of the riskiness of assets, policy liabilities, and structured settlements, letters of credit, derivatives and other exposures, by applying varying factors and margins. The Insurance Fund is required to meet a capital available to capital required test, called the minimum capital test ("MCT").

The AMF requires each property and casualty insurer to establish its own internal target capital level that reflects its risk profile and to justify to the AMF the target level it has adopted with an explanation backed by supporting data. This internal target level must be higher than the 100% minimum capital threshold imposed by the AMF and the 150% supervisory target level.

In January 2015, the AMF modified the guideline that describes how to calculate the MCT ratio. The gap resulting from the new calculation method is amortized over twelve consecutive quarters up to December 2017 and is presented against the capital available.

In 2015, the Insurance Fund established a 375% internal target for capital required, given the necessity of building adequate capital to meet future obligations with regard to protection of the public. The Insurance Fund has exceeded both the minimum threshold and its own internal target for capital required.

The Insurance Fund's capital available and capital required are detailed as follows:

	2015	2014
	$	$
	(in thousands of dollars)	
Capital available	**38,656**	37,889
Capital required	**4,479**	3,892
Excess of capital available over capital required	**34,177**	33,997
MCT (as a %)	**863.05%**	973.54%

13. Transactions with the OACIQ

By various agreements with **OACIQ**, the Insurance Fund received certain management services and provided sponsorship, totaling $122,877 ($57,346 in 2014), in addition to rent expenses of $91,669 ($80,692 in 2014). To these amounts are added other paid expenses totaling $35,921 ($30,072 in 2014). These transactions were concluded in the normal course of business and measured at the value agreed between parties. As at December 31, 2015, an amount of $17,333 is payable ($12,296 in 2014) in connection with these transactions. Premiums and other receivables include an amount of $12,684 ($7,620 in 2014) for the premiums collected by the **OACIQ** on behalf of the Fund.

14. Premiums and other receivables

	2015	2014
	$	$
Deductibles receivable	**75,323**	54,565
Premiums receivable	**12,684**	7,620
QST receivable	-	76
Other accounts receivable	**17,132**	-
TOTAL	**105,139**	62,261

15. Compensation of key executive officers

Key executive officers consist of all members of the Board of Directors and the executive officers of the Insurance Fund. Total compensation for 2015 amounted to $412,241 ($373,382 for 2014).

16. Commitments

The Insurance Fund is committed under a subletting arrangement with the **OACIQ** under a lease expiring in July 2020. Future minimum payments under the contract totalling $280,166 are as follows:

	$
2016	**61,127**
2017	**61,127**
2018	**61,127**
2019	**61,127**
2020	**35,658**

EVALUATING

EXPRESSION OF OPINION

I have valued the policy liabilities and reinsurance recoverable of Fonds d'assurance responsabilité du Courtage Immobilier du Québec for its statement of financial position at December 31, 2015 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

I am satisfied that the data utilized for the valuation of these liabilities are reliable and sufficient. I verified the consistency of the valuation data with the insurer's financial records.

The results of my valuation together with amounts carried in the annual return are the following:

Claim Liabilities ($'000)	Carried in Annual Return ($'000)	Actuary's Estimate ($'000)
(1) Direct unpaid claims and adjustment expenses	14,944	14,944
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses (1) + (2)	14,944	14,944
(4) Amounts recoverable from reinsurers	1,617	1,617
(5) Other recoverables on unpaid claims	625	625
(6) Other liabilities	625	625
(7) Net unpaid claims and adjustment expenses (3) – (4) – (5) + (6)	13,327	13,327

Premium liabilities ($'000)	Carried in Annual Return (col. 1) ($'000)	Actuary's Estimate (col. 1) ($'000)
(1) Gross unearned premium liabilities		1,950
(2) Net unearned premium liabilities		2,065
(3) Gross unearned premiums	1,931	
(4) Net unearned premiums	1,931	
(5) Premium deficiency	134	134
(6) Other liabilities	0	0
(7) Deferred policy acquisition expenses	0	
(8) Maximum policy acquisition expenses deferrable (4) + (5) + (9) col. 1 – (2) col. 2		0
(9) Unearned commissions	0	

In my opinion, the amount of policy liabilities net of reinsurance recoverable makes appropriate provision for all policy obligations and the financial statement fairly presents the result of the valuation.

Xavier Bénarosch, FCAS, FICA

February 16, 2016
Opinion date

Eckler